

City of Urbana
Ohio



Comprehensive Annual
Financial Report

For the Year Ended
December 31, 2009



Mary Taylor, CPA
Auditor of State

City Council
City of Urbana
P.O. Box 747
Urbana, Ohio 43078

We have reviewed the *Independent Auditor's Report* of the City of Urbana, Champaign County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Urbana is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 23, 2010

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city of Urbana, Ohio



Branding Urbana and Champaign County Ohio

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**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

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I. INTRODUCTORY SECTION

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City of Urbana
205 S Main St.
Urbana, Ohio 43078



April 28, 2010

To the Honorable Mayor, City Council and the Citizens of the City of Urbana, Ohio

The Comprehensive Annual Financial Report of the City of Urbana, Ohio is hereby submitted for your review. This report, although not legally required, represents the City's commitment to perform to nationally recognized standards of excellence in its financial reporting.

Management is responsible for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures. We believe that the data presented in this report is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City. Further, we believe that all disclosures necessary to enable the reader to gain an understanding of the City of Urbana's activities have been included.

This Comprehensive Annual Financial Report incorporates financial reporting standards established by Governmental Accounting Standards Board (GASB) Statement No. 34 - Basic Financial Statements and Management's Discussion & Analysis for State and Local Governments. GASB Statement No. 34 was developed to make annual financial reports of governments more comprehensive and easier to understand and use. This report incorporates all required elements of GASB Statement No. 34 including the retroactive restatement of general infrastructure assets.

The accompanying report consists of three major sections:

1. Introductory Section

As the title indicates, this section introduces the reader to the report and includes this transmittal letter, a listing of City officials and a City organizational chart.

2. Financial Section

The Financial Section of the report is structured in the form of a financial "reporting pyramid" beginning with broad-based financial data followed by more specific financial data. The financial section includes the report of the independent auditors, the Management Discussion and Analysis, the Basic Financial Statements including the Notes to the Basic Financial Statements, and Required Supplementary Information. The remainder of the Financial Section presents more specific statements of individual funds and schedules.

3. Statistical Section

The Statistical Section includes a number of tables of unaudited data depicting the financial and statistical history of the City for the past ten years plus demographic data and other miscellaneous information.

This transmittal letter is designed to complement Management's Discussion and Analysis (MD&A). The MD&A provides users of the basic financial statements with a narrative introduction, overview, and analysis of the financial statements, and should be read in conjunction with the transmittal letter. The City of Urbana's MD&A can be found in the Financial Section of the report immediately following the Auditors Report.

GENERAL INFORMATION

Urbana covers approximately 7.5 square miles, with a population of 11,613 (2000 U.S. Census). Urbana is located 15 miles north of Springfield and has several nationally known companies such as Honeywell International, Rittal, and the R. T. Bundy Companies. The prominent landmark and commonly used reference point of the City is "The Man on the Monument" or "Monument Square" located at the heart of downtown at the intersection of U.S. Route 68 (north & south) and U.S. Route 36 (east and west). The Man on the Monument is a casting of a Union Cavalryman and was placed in the square in 1871.

MUNICIPAL SERVICES AND FACILITIES

The City of Urbana provides a full range of basic municipal services including police and fire protection, ambulance services, parks, recreation, street maintenance, zoning, economic and community development, cemetery, water, sewer, recycling, airport and general government support.

The City of Urbana designed the following mission statement: "The City of Urbana employees are committed to provide a superior quality and cost effective service that meets the needs of the community and promotes the feeling of security and safety." Each division has prepared key strategies that will help the City employees and officials achieve the City's mission. Several of the goals mentioned in the "Major Projects" and "Outlook" section support these strategies. In support of continuous process improvement, the City is focused on improving the efforts to meet our mission statement.

GOVERNMENT ORGANIZATION

The municipal government provided by the Urbana Charter is best described as the "mayor-administrator-council" form of government and applies to the residents of the City.

This form of home rule was recommended by the Urbana Charter Commission in 1977, and subsequently approved by City voters. It provides a greater measure of administrative and legislative control and efficiencies while maintaining direct participation by the residents of the community.

The City Charter continues to have widespread support among the city electorate. At the beginning of 2000, Council appointed a 12-member Charter Review Committee to conduct a scheduled and charter-mandated review of the governing document. Later that year, the committee submitted seven minor changes which were placed on the May ballot. Six of the seven proposed changes were approved by a majority of voters. The 2010 Charter review began in the second half of 2009, and potential changes will be presented during the 2010 elections.

Under the current Urbana Charter form of government, nine persons are elected to office: the Mayor, seven members of City Council and the President of City Council. All other members of the governing and advisory structure are appointed.

The Mayor is elected to a four-year term as the Chief Executive Officer of the City. She appoints the Directors of Administration, Finance, and Law, as well as members of most City boards, commissions, and committees. The Mayor is responsible for all aspects of City government and is the ceremonial representative of the City. She may veto actions of City Council.

In general terms, the Urbana government structure can be compared to the federal or state structures. There is an executive branch, the Mayor and her appointees, which oversees the day-to-day working of the City; the legislative branch, the City Council, which drafts, submits, and approves laws by which the City is governed; and the judicial branch, the Municipal Court, which administers City and state laws.

DEPARTMENTAL HIGHLIGHT

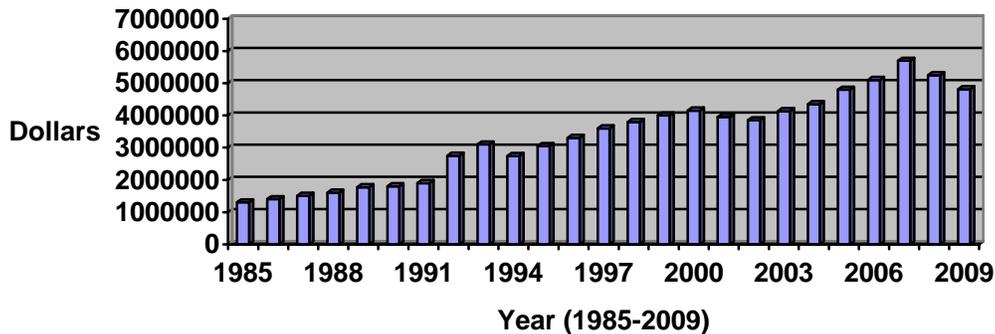
The City of Urbana partners with Champaign County Chamber of Commerce and Visitor's Bureau and the Champaign County Community Improvement Corporation in developing a City and County-wide branding for economic and community development initiatives. The City feels that this branding illustrates our community as a whole—we are a sophisticated county. We are an easy going, laid back, friendly, hard working community with a strong and proud agricultural and pioneering heritage that is reflected not only in our past and present, but also in our future.

Economic development is all about creating and retaining jobs in our community. In addition to job related activities, economic development also includes housing and tourism. In tandem with developing a new Comprehensive Plan for future land use, transportation needs, and quality of life needs, the City is focused on a business attraction, retention, and expansion strategy. To use an all-too common cliché, the City of Urbana can be a place where its residents will live, work, and play, now and into the future.

ECONOMIC CONDITION AND OUTLOOK

A twenty four year history of income tax reflects strong average increases of 6.7% with only five years of decline. The declines occurred in 1994 with the loss of the second largest employer, Drackett, the slow economy of 2001 and 2002, and the Fox River closing in 2008. In 2009, the City lost another employer, Siemen's, contributing to the decline in income tax revenue of \$400,000, a 8% decline. The City was fortunate to have seen growth in several of our smaller withholders and with the expansion of Rittal. Subsequent to the loss of Fox River and Siemen's, Income Tax Revenues decreased 15.8% in 2008 and 2009 after an increase of 13.6% in 2007.

Income Tax Revenues



Economic Environment Today

Honeywell International, our largest employer with approximately 750 associates, is a major part of Urbana. The City of Urbana is fortunate and proud to have several small stable industries to support Urbana. Rittal, Menasha Corporation, Johnson Welded Products, R. T. Bundy and Mercy Health Systems are key local industries. Honda of America in Marysville, KTH in St. Paris, and TruTech north of Urbana are industries outside Urbana that employ some of our City residents.

The City of Urbana Development Office, in conjunction with various entities, is continuously researching to attract new industries to our industrial area on the south edge of town and our airport, which includes over 400 acres for development that can be a strong tool in attracting new employers. The City is proud of the fact that several local firms are looking at job expansion in the near future.

2009 Economic Activity and Outlook

Income Tax receipts, the largest single source of revenues, were down 8% in 2009, after several years of stronger collections. The negative downturn in the local economy over the last two years presents the City with a cautious look into 2010, especially focused on monitoring of the cash reserves. And as the City progresses into 2010, income tax collections appear reasonable to the budget, however, the City and the local economy has felt some impact of the current economic recession that hopefully won't repeat in 2010.

The City used an employee health insurance committee to help control health insurance costs. The committee has seen positive results through lower renewals. The City and the employees are also successfully using health savings accounts to lower the costs in 2010, and the renewals the City has received have been significantly lower than the national trend. The City appreciates the work of the health insurance committee in assisting to control this expenditure in the future.

While the local economy appears to appear stable for the time being, interest revenues are slowing. In addition, the State of Ohio has not provided for growth of revenues that cities in Ohio receive. One of the goals of the City must be to rebuild a comfortable General Fund reserve with this economy. The City's aggressive approach to grants funding has several projects continuing into the future.

The Water Fund purchased a new well field early in 2004 to address the water quality issue, and at the end of 2009, we reached substantial completion of our Water Treatment Facility. The facility was fully operational in 2009 and will be capable of generating 2 million gallons of water per day. One factor in favor of Urbana is the Water and Sewer rates are one of the lowest in the Miami Valley of West Central Ohio.

At the Wastewater Treatment Plant, we reached completion of both the microwave project which will improve sludge handling, and the Septage Receiving Station to help the area dispose of its solid waste. Both facilities were fully operational in 2009. The City is also in the process of planning a new Water Pollution Control plant to be implemented in 2013 that will assist the City in the direction the community wants to pursue.

Major Initiatives

The City of Urbana has two major project progressing into 2010, and several smaller projects currently underway or in the planning stages. The first project is the Dugan ditch project, a \$1.0 million dollar project funded with OPWC and local money. The project includes a comprehensive storm water utility reconstruction with new bridge culverts, a complete ditch clean out, new road surface, and double the capacity of the existing utility. This is the third major upgrade and reconstruction of a storm water utility in ten plus years, and this phase III project is to be completed in November, 2010.

In 2009, the City listed its first Brownfield property on Ohio's Brownfield list which provides the City and its development partner, Weidman Electric Technology Inc, the opportunity to receive grant dollars for the acquisition, clean up, and redevelopment of the former paper mill property. The City is looking forward to being active in Brownfield redevelopment to help our community clean up and reuse abandoned or under-utilized industrial and commercial properties.

Other projects being planned in 2010 for future development include extension of the water line south on Route 68 to the Wellington Nursing Home, and extension of both water and sewer lines east on Route 29 to Dugan Road.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The Finance Department is responsible for providing all City financial services including financial accounting and reporting, payroll, accounts payable, disbursement functions, cash and investment management, debt management, budgeting, purchasing, contract administration, utility customer services, income tax administration, and special financial and policy analysis for City management. The Director of Finance supervises the department's operations.

The City utilizes a computerized financial accounting system which includes a system of internal accounting controls. Such controls have been designed and is continually being re-evaluated to provide reasonable, but not absolute, assurance regarding:

1. The safeguarding of assets against loss from unauthorized use or disposition.
2. The reliability of financial records for preparing financial statements and maintaining accountability of assets.

The concept of reasonable assurance recognizes that:

1. The cost of a control should not exceed the benefits likely to be derived, and
2. The evaluation of costs and benefits requires estimates and judgment by management.

All internal control evaluations occur within the above framework, and controls are believed to adequately safeguard assets and to provide reasonable assurance of proper recording of financial transactions.

Budgetary control is maintained by the adoption of an annual appropriation ordinance and amendments thereto. The annual budget is proposed by the Mayor and enacted by the City Council after public discussion. Prior to the issuance of purchase orders, a corresponding amount of appropriations is reserved by the use of encumbrances for later payment to assure that appropriations will not be overspent. A more detailed explanation of budgetary control is provided in the Notes to the Basic Financial Statements.

RISK MANAGEMENT

The City protects itself from liabilities that arise from unforeseen events through a variety of insurance policies. Outside contractors are required to carry liability coverage while undertaking and completing projects for the City.

The City carries comprehensive vehicle insurance to cover over fifty vehicles that are commonly operated on public roadways. The policy coverage provides for individual injury coverage and for property damage, and it includes underinsured or uninsured motorist coverage. All other self-propelled equipment such as mowers and front-end loaders are insured through the City's comprehensive business policy.

The comprehensive business policy provides more than \$46 million of building and property protection as well as \$2,000,000 of general liability coverage. Both the public official liability and the police officials' liability insurance policies provide up to \$2 million coverage per incident and annual aggregate.

The City employees' health insurance remains a major financial issue each year. With the labor contracts now requiring 10% employee contribution and the creation of an employee health insurance committee, the renewal in 2009 was only 6.4% and in 2008 was only 7%.

CASH MANAGEMENT

The City of Urbana pools all available cash for maximum investment efficiency and return. All interest from the general pool of City funds is credited to the General Fund. In compliance with Chapter 133 of the Codified Ordinances of the City of Urbana, the investments of proceeds from the gas system sale are invested, and 100 percent of the interest is credited to the General Fund as long as the Supplemental Investment Fund maintains a balance greater than \$150,000. The majority of investments are timed Certificates of Deposit.

Requests made to the Cemetery Trust Principal Fund must remain permanently in the City's possession. The interest earned can be used for the maintenance of Oak Dale Cemetery, and is credited to the Cemetery Trust Income Fund.

<u>Interest Earnings</u>	
General Fund	\$118,071
Community Development Block Grant Fund	586
Supplemental Investment Fund	11,168
Oak Dale Cemetery Trust Income Fund	10,220
Capital Project Fund (Municipal Court Ordered)	<u>943</u>
Total	<u>\$140,988</u>

INDEPENDENT AUDIT

Included in the financial section is the auditors' opinion, which is a significant part of the Comprehensive Annual Financial Report. The financial statements have received an "unqualified opinion" from Kennedy Cottrell Richards indicating that the financial statements are presented fairly and in conformity with generally accepted accounting principles.

ACKNOWLEDGEMENT

The preparation of this report could not have been accomplished on a timely basis without the dedicated efforts of a highly qualified staff. I would like to express my appreciation to all the staff within the Finance Department.

Many other departments and offices also contributed to the preparation of this report. In particular, all division heads provided much assistance in the preparation of capital asset and inventory records.

I wish to thank Champaign County Auditor Karen Bailey and her staff for their efforts in obtaining assessment and taxation rates for property taxes, and Champaign County Treasurer Kermit Russell and his staff for information regarding collection of property taxes.

I would also like to acknowledge the staff from Kennedy Cottrell Richards in Columbus Ohio, for the timely review of the City's financial reports.

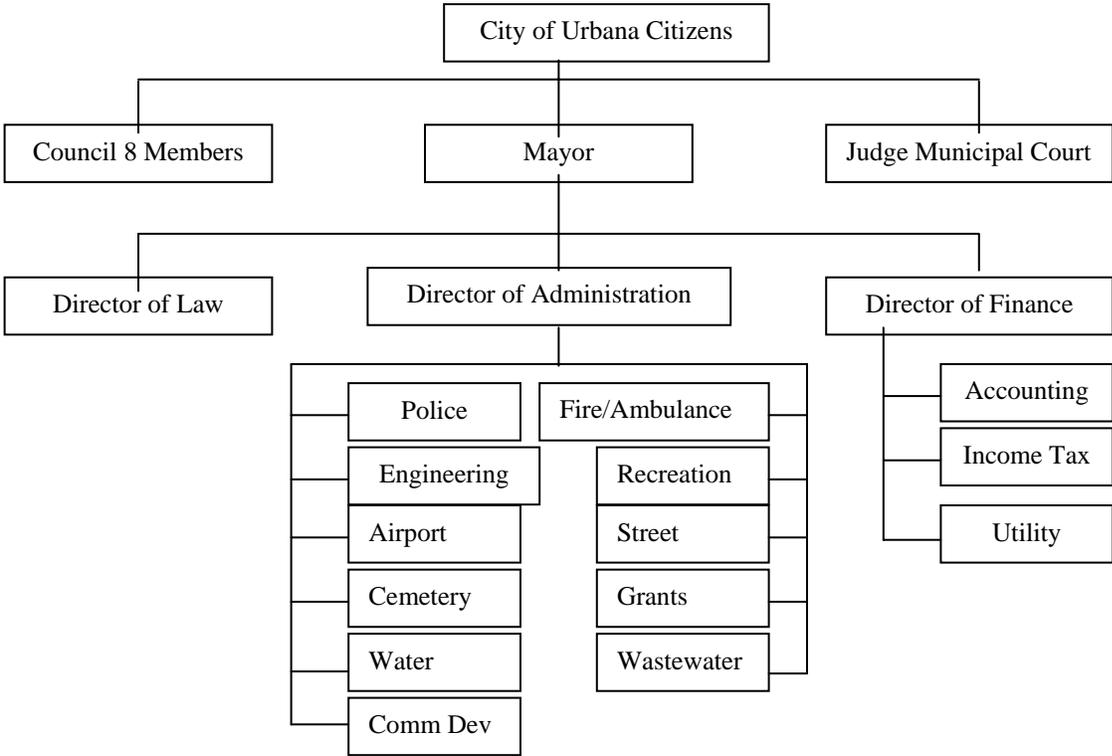
Finally, I wish to acknowledge the Mayor, the members of the City Council and the Director of Administration, who have supported this effort to achieve excellence in financial reporting.

Respectfully submitted,



J. Lee Williams, Director of Finance

City of Urbana Organizational Chart



The City of Urbana Officials
(937) 652-4300
www.urbanaohio.com

Ruth Zerkle
Mayor

City Council
Marton O Hess, President
Robert Thorpe, President Pro-Tem

Council Members
Eugene Fields
Bill Bean
Kerry Brugger
Larry Lokai
Allen Evans
William Shaw
Gail Eldridge, Clerk

Director of Administration
Director of Finance
Director of Law
Municipal Court Judge
Police Chief
Fire Chief
Building and Zoning Inspector
Community Development
Engineer
Human Resource Manager
Superintendent of Recreation and Cemetery
Superintendent of Streets
Superintendent of Water
Superintendent of Water Pollution Control

Bruce Evilsizor
J. Lee Williams
Gil Weithman
Susan Fornof-Lippencott
Pat Wagner
Jim McIntosh
Brad Bodenmiller
Melanie Kendrick
Michael Heintz, P.E. P.S.
Christina Boettcher
Chris Stokes
Colin Stien
Robert W. Munch
Chad Hall

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Urbana
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Enow".

Executive Director

II. FINANCIAL SECTION

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INDEPENDENT ACCOUNTANT'S REPORT

City of Urbana, Ohio
Champaign County
205 South Main Street
Urbana, Ohio 43078

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Champaign County, Ohio (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Champaign County, Ohio as of December 31, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2010, on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The accompanying management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements, but are supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements and budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC
April 28, 2010

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

As management of the City of Urbana, we offer readers of the City of Urbana's financial statements this narrative overview and analysis of the financial activities of the City of Urbana for the fiscal year ended December 31, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3-9 of this report.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$27.4 million (net assets). Of this amount, \$2.5 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$1.2 million, or 5%, during the fiscal year.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3.3 million, a decrease of \$1.5 million in comparison with the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$283,655, or 5% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Urbana's basic financial statements. The City of Urbana's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned by unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include public safety, health, leisure time activities, community development, transportation, and general government. The business-type activities of the City include water distribution, sewage collection, and recycling.

The government-wide financial statements can be found on pages 29-31 of this report.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 35 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, street fund, police and fire levy fund, east lawn street reconstruction fund, capital improvements fund, and perpetual investment funds, each of which are considered to be major funds. Data from the other 28 governmental funds are combined into a single, aggregated presentation. Individual data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 32-38 of this report.

Proprietary Funds. The City utilizes only one type of proprietary fund: enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution, sewage collection, and recycling activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each enterprise fund, each of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 40-42 of this report.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 43 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 44-68 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's compliance with budgetary law. Required supplementary information can be found on pages 69-78 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds is presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 79-98 of this report.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 shows the detail of the City's net assets at December 31, 2009 and 2008.

**TABLE 1
Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Current and other assets	\$ 8,309,939	\$ 7,342,767	\$ 1,539,560	\$ 1,454,991	\$ 9,849,499	\$ 8,797,758
Capital assets	21,994,209	23,502,107	15,496,548	15,910,217	37,490,757	39,412,324
Total Assets	<u>30,304,148</u>	<u>30,844,874</u>	<u>17,036,108</u>	<u>17,365,208</u>	<u>47,340,256</u>	<u>48,210,082</u>
Long-Term Liabilities	5,518,836	2,488,289	11,671,724	1,122,492	17,190,560	3,610,781
Other Liabilities	2,203,482	4,940,471	1,687,765	12,216,204	3,891,247	17,156,675
Total Liabilities	<u>7,722,318</u>	<u>7,428,760</u>	<u>13,359,489</u>	<u>13,338,696</u>	<u>21,081,807</u>	<u>20,767,456</u>
Net Assets:						
Invested in capital assets, net of related debt	18,887,291	20,316,026	3,108,046	3,060,380	21,995,337	23,376,406
Restricted	2,115,630	1,604,680	-	-	2,115,630	1,604,680
Unrestricted	1,578,909	1,495,408	568,573	966,132	2,147,482	2,461,540
Total Net Assets	<u>\$ 22,581,830</u>	<u>\$ 23,416,114</u>	<u>\$ 3,676,619</u>	<u>\$ 4,026,512</u>	<u>\$ 26,258,449</u>	<u>\$ 27,442,626</u>

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. In the case of the City, assets exceeded liabilities by \$27.4 million at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (85 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$2.5 million) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

Table 2 details the changes in net assets for the fiscal years ended December 31, 2009 and 2008.

**TABLE 2
Changes in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2008	2009	2008	2009	2008	2009
Program Revenues:						
Charges for Service	\$ 2,078,327	\$ 1,890,596	\$ 3,276,726	\$ 3,668,864	\$ 5,355,053	\$ 5,559,460
Operating Grants	809,027	1,187,753	-	-	809,027	1,187,753
Capital Grants	1,625,696	1,922,330	342,806	141,605	1,968,502	2,063,935
General Revenues:						
Income Taxes	5,275,958	4,645,885	-	-	5,275,958	4,645,885
Property Taxes	565,912	588,171	-	-	565,912	588,171
Other Taxes	147,948	173,465	-	-	147,948	173,465
Unrestricted Grants	772,126	582,350	-	-	772,126	582,350
Investment Earnings	232,352	130,997	2,994	-	235,346	130,997
Other	279,100	462,160	-	-	279,100	462,160
Total Revenues	11,786,446	11,583,707	3,622,526	3,810,469	15,408,972	15,394,176
Expenses:						
General Government	2,192,531	2,205,693	-	-	2,192,531	2,205,693
Public Safety	5,171,351	5,187,549	-	-	5,171,351	5,187,549
Health	315,102	312,817	-	-	315,102	312,817
Transportation	2,056,696	2,102,715	-	-	2,056,696	2,102,715
Community Development	223,536	365,117	-	-	223,536	365,117
Leisure Activities	436,038	450,070	-	-	436,038	450,070
Basic Utilities	-	-	-	-	-	-
Interest on Long-Term Debt	144,178	125,462	-	-	144,178	125,462
Water	-	-	1,249,550	1,463,974	1,249,550	1,463,974
Sewer	-	-	1,673,721	1,843,345	1,673,721	1,843,345
Recycling Program	-	-	80,885	153,257	80,885	153,257
Total Expenses	10,539,432	10,749,423	3,004,156	3,460,576	13,543,588	14,209,999
Change in Net Assets						
before Transfers	1,247,014	834,284	618,370	349,893	1,865,384	1,184,177
Transfers	234,000	-	(234,000)	-	-	-
Change in Net Assets	1,481,014	834,284	384,370	349,893	1,865,384	1,184,177
Net assets, Beginning	21,100,816	22,581,830	3,292,249	3,676,619	24,393,065	26,258,449
Net assets, Ending	\$ 22,581,830	\$ 23,416,114	\$ 3,676,619	\$ 4,026,512	\$26,258,449	\$27,442,626

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

Governmental Activities. Governmental activities increased the City's net assets by \$834,284, thereby accounting for 70 percent of the total growth in net assets of the City. Income Tax collections decreased approximately \$630,000 due to economic conditions affecting withholding and individual income taxes. The significant decrease in revenue was offset by increases in many sources. Expenses remained constant from 2008 to 2009 with an increase of 2 percent.

Business-type Activities. Business-type activities increased the City's net assets by \$349,893, accounting for 30 percent of the total growth in the City's net assets. This increase was primarily the result of a rate increase for water and sewer charges offset by expenses.

During the fiscal year, expenses of the City's business-type activities increased by \$456,420, or 15%, primarily as a result of the increase in water and sewer rates allowing the City to better service it's patrons.

TABLE 3

Functions/Programs	Total Cost of Services		Net Cost of Services	
	2008	2009	2008	2009
Governmental Activities:				
General Government	\$ (2,192,531)	\$ (2,205,693)	\$ (1,129,429)	\$ (1,097,717)
Public Safety	(5,171,351)	(5,187,549)	(4,338,150)	(4,483,286)
Transportation	(2,056,696)	(2,102,715)	146,879	515,149
Community Development	(223,536)	(365,117)	(57,355)	(13,718)
Leisure Activities	(436,038)	(450,070)	(307,791)	(328,566)
All Other	(459,280)	(438,279)	(340,536)	(340,606)
Total Governmental Activities	(10,539,432)	(10,749,423)	(6,026,382)	(5,748,744)
Business-Type Activities:				
Water	(1,249,550)	(1,463,974)	298,972	317,540
Sewer	(1,673,721)	(1,843,345)	301,414	21,661
Recycling Program	(80,885)	(153,257)	14,990	10,692
Total Business-Type Activities	(3,004,156)	(3,460,576)	615,376	349,893
Grand Total	\$ (13,543,588)	\$ (14,209,999)	\$ (5,411,006)	\$ (5,398,851)

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3.3 million, an approximate \$1.5 million decrease from the previous year.

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2009 and 2008.

	Fund Balance 12/31/2008	Fund Balance 12/31/2009	Increase (Decrease)
General	\$ 1,045,842	\$ 771,344	\$ (274,498)
Street	144,856	94,800	(50,056)
Police and Fire Levy	532,415	340,763	(191,652)
East Lawn Reconstruction	(80,743)	27,106	107,849
Scioto Street Reconstruction	-	(537,752)	(537,752)
Capital improvement	300,782	(194,919)	(495,701)
Perpetual Investment	1,877,353	1,877,353	-
Other Governmental	974,221	907,385	(66,836)
Total	\$ 4,794,726	\$ 3,286,080	\$ (1,508,646)

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$283,655, 37% of the total fund balance. The fund balance of the City's general fund decreased \$274,498 during the current fiscal year, or 26%, from the previous year.

Income Tax revenues decreased \$235,469, or 8%, primarily as a result of economic conditions affecting withholding and individual income taxes.

Expenditures decreased \$135,926, or 2%, primarily as a result of decreased spending due to the decline of income tax revenue.

The Street Fund accounts for the accumulation of financial resources to be used for the repairs and maintenance of roads maintained by the City. The street funds' fund balance decreased \$50,056 during the fiscal year. This decrease represents the amount by which expenditures exceeded subsidy transfers from the general fund.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

The Police and Fire Levy Fund accounts for the income tax for additional patrolmen and firefighters that the General Fund can not financially support. The police and fire levy funds' fund balance decreased \$191,652 during the fiscal year. This increase represents the amount by which expenditures outstripped income tax revenues.

The East Lawn Street Reconstruction Fund accounts for the grant and local monies for the reconstruction of East Lawn Street. The East Lawn Street Reconstruction Funds' fund balance increased \$107,849 during the fiscal year. This increase represents the amount by which grant and local share receipts outstripped expenditures.

The Scioto Street Reconstruction Fund accounts for grant and local receipts and expenditures related to the reconstruction of Scioto Street. The Scioto Street Reconstruction Funds' fund balance decreased \$537,752 during the fiscal year. This decrease represents the amount by which expenditures outstripped grant and local receipts.

The Capital Improvements Fund accounts for the accumulation of financial resources to be used for the acquisition or construction of capital assets as well as to service debt. The Capital Improvement Funds' fund balance decreased \$495,701 during the fiscal year. This decrease represents the amount by which capital outlay and debt service expenditures exceeded income tax revenues.

The Perpetual Investment Fund had no activity during the fiscal year and maintained a fund balance of \$1,877,353.

The fund balance of the City's Other Governmental Funds decreased \$66,836 during the fiscal year. This decrease represents the amount by which expenditures outstripped revenues.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets in the Water Revenue Fund at the end of the year amounted to \$748,927. Total net assets increased \$317,540, or 12%, from the previous year.

Unrestricted net assets in the Sewer Revenue fund at the end of the year amounted to \$107,455. Total net assets increased \$21,661, or 2%, from the previous year.

Unrestricted net assets in the Recycling Program Fund at the end of the year amounted to \$109,750. Total net assets increased \$10,692 or 11%, from the previous year. This increase is the amount by which charges for services exceeded program expenses during the year.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

Budget Information

General Fund

The City's budget is prepared in accordance with Ohio law and is based on the budgetary basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The final amended revenue estimate was increased \$484,000, or 8%, during the fiscal year and final appropriations exceeded the original resolution by \$359,865, or 6%. The City's final amended revenue exceeded actual revenues by \$326,079, or 5%, and final amended appropriations exceeded actual expenditures by \$262,002, or 4%.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of December 31, 2009, amounts to \$39.4 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings, equipment, furniture, vehicles, and infrastructure. Total acquisitions for the current fiscal year were \$3.8 million and depreciation was \$1.9 million.

Detailed information regarding capital asset activity is included in the Note 7 to the basic financial statements.

Debt

At the end of the current fiscal year, the City had total debt outstanding of \$14.7 million. Of this amount, \$2.8 million represents bonds backed by the full faith and credit of the City. The remaining \$11.9 million of the City's debt represents loans in the City's name.

Detailed information regarding long-term debt is included in Note 8 to the basic financial statements.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

**MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)**

Contacting the City Auditor's Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it administers. If you have any questions about this report or need additional financial information, contact J. Lee Williams, Finance Director, 205 South Main Street, Urbana, Ohio 43078.

BASIC FINANCIAL STATEMENTS

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**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2009

	Governmental Activities	Business-type Activities	Total
Assets			
Pooled Cash and Investments	\$ 3,950,072	\$ 850,146	\$ 4,800,218
Receivables:			
Income Tax	977,104	-	977,104
Property Tax	627,785	-	627,785
Interest	114,150	-	114,150
Accounts	305,109	510,423	815,532
Other	33,878	-	33,878
Due From Other Governments	1,155,405	-	1,155,405
Inventory	68,901	82,414	151,315
Prepaid Assets	31,484	10,320	41,804
Deferred Bond Issuance Costs	78,879	1,688	80,567
Capital Assets:			
Non-Depreciable	3,956,629	8,738,411	12,695,040
Depreciable	19,545,478	7,171,806	26,717,284
Total Assets	30,844,874	17,365,208	48,210,082
Liabilities			
Accounts Payable	671,897	90,900	762,797
Retainage Payable	76,868	10,000	86,868
Accrued Wages and Benefits	160,948	24,477	185,425
Due To Other Governments	458,745	42,162	500,907
Interest Payable	19,886	204,953	224,839
Unearned Revenue	564,945	-	564,945
Notes Payable	535,000	750,000	1,285,000
Long-term Liabilities			
Due within one year	763,564	1,025,619	1,789,183
Due in more than one year	4,176,907	11,190,585	15,367,492
Total Liabilities	7,428,760	13,338,696	20,767,456
Net Assets			
Invested in Capital Assets, Net of Related Debt	20,316,026	3,060,380	23,376,406
Restricted for:			
Capital Projects	333,786	-	333,786
Transportation Programs	377,938	-	377,938
Public Safety Programs	560,107	-	560,107
Health Programs	27,099	-	27,099
Permanent Endowments	116,156	-	116,156
Grant Programs	189,594	-	189,594
Unrestricted	1,495,408	966,132	2,461,540
Total Net Assets	\$ 23,416,114	\$ 4,026,512	\$ 27,442,626

See accompanying notes to the basic financial statements

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
Public Safety	\$ 5,187,549	\$ 598,207	\$ 106,056	\$ -
Health	312,817	97,673	-	-
Leisure Time	450,070	121,504	-	-
Community Development	365,117	-	351,399	-
Transportation	2,102,715	139,867	555,667	1,922,330
General Government	2,205,693	933,345	174,631	-
Interest on Debt	125,462	-	-	-
Total Governmental Activities	<u>10,749,423</u>	<u>1,890,596</u>	<u>1,187,753</u>	<u>1,922,330</u>
Business-type Activities:				
Water	1,463,974	1,642,538	-	138,976
Sewer	1,843,345	1,862,377	-	2,629
Recycling Program	153,257	163,949	-	-
Total Business-type Activities	<u>3,460,576</u>	<u>3,668,864</u>	<u>-</u>	<u>141,605</u>
Total Government	<u>\$ 14,209,999</u>	<u>\$ 5,559,460</u>	<u>\$ 1,187,753</u>	<u>\$ 2,063,935</u>

General Revenues:
Property Taxes
Income Taxes
Payments in Lieu of Taxes
Interest Earnings
Grants and Contributions Unrestricted
Other Unrestricted
Total General Revenues and Transfers

Change in Net Assets

Net assets at beginning of year
Net assets at end of year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (4,483,286)	\$ -	\$ (4,483,286)
(215,144)	-	(215,144)
(328,566)	-	(328,566)
(13,718)	-	(13,718)
515,149	-	515,149
(1,097,717)	-	(1,097,717)
(125,462)	-	(125,462)
<u>(5,748,744)</u>	<u>-</u>	<u>(5,748,744)</u>
-	317,540	317,540
-	21,661	21,661
-	10,692	10,692
<u>-</u>	<u>349,893</u>	<u>349,893</u>
<u>\$ (5,748,744)</u>	<u>\$ 349,893</u>	<u>\$ (5,398,851)</u>
588,171	-	588,171
4,645,885	-	4,645,885
173,465	-	173,465
130,997	-	130,997
582,350	-	582,350
462,160	-	462,160
<u>6,583,028</u>	<u>-</u>	<u>6,583,028</u>
834,284	349,893	1,184,177
22,581,830	3,676,619	26,258,449
<u>\$ 23,416,114</u>	<u>\$ 4,026,512</u>	<u>\$ 27,442,626</u>

See accompanying notes to the basic financial statements

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2009

	General Fund	Street Fund	Police & Fire Levy Fund	East Lawn Reconstruction Fund
Assets:				
Pooled Cash and Investments	\$ 153,664	\$ 4,294	\$ 348,457	\$ 27,106
Receivables:				
Income Tax	523,449	-	209,379	-
Property Tax	515,781	-	-	-
Interest	114,150	-	-	-
Accounts	266,719	-	-	-
Notes	-	-	-	-
Due From Other Governments	284,713	263,212	-	-
Due From Other Funds	4,762	-	-	-
Inventory	12,462	45,828	-	-
Prepaid Assets	24,898	4,577	-	-
Advances To Other Funds	426,460	-	-	-
Total Assets	<u>\$ 2,327,058</u>	<u>\$ 317,911</u>	<u>\$ 557,836</u>	<u>\$ 27,106</u>
Liabilities:				
Accounts Payable	\$ 59,930	\$ 7,575	\$ 39,584	\$ -
Retainage Payable	-	-	-	-
Accrued Wages and Benefits	114,507	13,518	26,366	-
Due To Other Governments	345,251	26,543	72,878	-
Due To Other Funds	-	-	-	-
Deferred Revenue	1,036,026	175,475	78,245	-
Notes Payable	-	-	-	-
Advances From Other Funds	-	-	-	-
Total Liabilities	<u>1,555,714</u>	<u>223,111</u>	<u>217,073</u>	<u>-</u>
Fund Balances:				
Reserved for:				
Inventory	12,462	45,828	-	-
Encumbrances	23,869	2,581	2,403	-
Advances	426,460	-	-	-
Notes	-	-	-	-
Prepays	24,898	4,577	-	-
Perpetual Care	-	-	-	-
Unreserved, reported in:				
General Fund	283,655	-	-	-
Special Revenue Funds	-	41,814	338,360	-
Permanent Funds	-	-	-	-
Capital Project Fund	-	-	-	27,106
Total Fund Balances	<u>771,344</u>	<u>94,800</u>	<u>340,763</u>	<u>27,106</u>
Total Liabilities and Fund Balances	<u>\$ 2,327,058</u>	<u>\$ 317,911</u>	<u>\$ 557,836</u>	<u>\$ 27,106</u>

See accompanying notes to the basic financial statements

Scioto Street Reconstruction Fund	Capital Improvement Fund	Perpetual Investment Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 399,023	\$ 1,877,353	\$ 1,140,175	\$ 3,950,072
-	174,483	-	69,793	977,104
-	-	-	112,004	627,785
-	-	-	-	114,150
-	-	-	38,390	305,109
-	-	-	33,878	33,878
537,752	41,573	-	28,155	1,155,405
-	-	-	-	4,762
-	-	-	10,611	68,901
-	-	-	2,009	31,484
-	-	-	-	426,460
<u>\$ 537,752</u>	<u>\$ 615,079</u>	<u>\$ 1,877,353</u>	<u>\$ 1,435,015</u>	<u>\$ 7,695,110</u>
\$ 479,486	\$ 68,333	\$ -	\$ 16,989	\$ 671,897
58,266	-	-	18,602	76,868
-	-	-	6,557	160,948
-	-	-	14,073	458,745
-	-	-	4,762	4,762
537,752	65,205	-	181,647	2,074,350
-	535,000	-	-	535,000
-	141,460	-	285,000	426,460
<u>1,075,504</u>	<u>809,998</u>	<u>-</u>	<u>527,630</u>	<u>4,409,030</u>
-	-	-	10,611	68,901
-	5,734	-	7,681	42,268
-	-	-	-	426,460
-	-	-	33,878	33,878
-	-	-	2,009	31,484
-	-	-	88,382	88,382
-	-	-	-	283,655
-	-	-	477,006	857,180
-	-	-	27,774	27,774
(537,752)	(200,653)	1,877,353	260,044	1,426,098
<u>(537,752)</u>	<u>(194,919)</u>	<u>1,877,353</u>	<u>907,385</u>	<u>3,286,080</u>
<u>\$ 537,752</u>	<u>\$ 615,079</u>	<u>\$ 1,877,353</u>	<u>\$ 1,435,015</u>	<u>\$ 7,695,110</u>

See accompanying notes to the basic financial statements

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2009

Total Governmental Fund Balances	\$ 3,286,080
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	23,502,107
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Income Taxes Receivable	365,147
Property Taxes Receivable	62,840
Intergovernmental Receivable	934,185
Accounts Receivable - Ambulance	102,336
Accounts Receivable - Cemetery	22,520
Interest Receivable	22,377
Governmental funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of net assets.	
Unamortized Bond Issuance Costs	78,879
Unamortized Premium on Bonds	(28,377)
Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences payable	(810,706)
General obligation debt	(4,101,388)
Accrued interest payable	(19,886)
 Net Assets of Governmental Activities	 <u><u>\$ 23,416,114</u></u>

See accompanying notes to the basic financial statements

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**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	General Fund	Street Fund	Police & Fire Levy Fund	East Lawn Reconstruction Fund
Revenues:				
Income Taxes	\$ 2,533,107	\$ -	\$ 1,013,243	\$ -
Property taxes	464,688	-	-	-
Intergovernmental	816,948	504,059	-	273,247
Charges for Services	794,174	-	-	-
Fines, Licenses, and Permits	697,058	-	-	-
Interest	209,844	-	-	-
Miscellaneous	70,592	54,320	7,298	-
Total revenues	<u>5,586,411</u>	<u>558,379</u>	<u>1,020,541</u>	<u>273,247</u>
Expenditures:				
Current:				
Public Safety	3,581,208	-	1,072,240	-
Health	48,952	-	-	-
Leisure Time	346,525	-	-	-
Community Development	-	-	-	-
Transportation	-	738,435	-	-
General Government	1,590,354	-	-	-
Capital Outlay	-	-	139,953	224,268
Debt service:				
Principal Retirement	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Total Expenditures	<u>5,567,039</u>	<u>738,435</u>	<u>1,212,193</u>	<u>224,268</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,372	(180,056)	(191,652)	48,979
Other Financing Sources (Uses):				
Transfers In	-	130,000	-	58,870
Transfers Out	(293,870)	-	-	-
Total Other Financing Sources (Uses)	<u>(293,870)</u>	<u>130,000</u>	<u>-</u>	<u>58,870</u>
Net Change in Fund Balances	(274,498)	(50,056)	(191,652)	107,849
Fund Balance at Beginning of Year	1,045,842	144,856	532,415	(80,743)
Fund Balance at End of Year	<u>\$ 771,344</u>	<u>\$ 94,800</u>	<u>\$ 340,763</u>	<u>\$ 27,106</u>

See accompanying notes to the basic financial statements

Scioto Street Reconstruction Fund	Capital Improvement Fund	Perpetual Investment Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 844,369	\$ -	\$ 337,748	\$ 4,728,467
-	-	-	100,865	565,553
579,217	101,573	-	1,113,981	3,389,025
-	-	-	242,005	1,036,179
-	-	-	242,988	940,046
-	-	-	4,375	214,219
-	151,412	-	178,538	462,160
<u>579,217</u>	<u>1,097,354</u>	<u>-</u>	<u>2,220,500</u>	<u>11,335,649</u>
-	2,204	-	307,709	4,963,361
-	-	-	190,250	239,202
-	-	-	-	346,525
-	-	-	365,117	365,117
-	233,683	-	261,912	1,234,030
-	242,869	-	149,990	1,983,213
1,116,969	1,008,490	-	639,732	3,129,412
-	69,635	-	375,000	444,635
-	36,174	-	102,626	138,800
<u>1,116,969</u>	<u>1,593,055</u>	<u>-</u>	<u>2,392,336</u>	<u>12,844,295</u>
(537,752)	(495,701)	-	(171,836)	(1,508,646)
-	-	-	105,000	293,870
-	-	-	-	(293,870)
-	-	-	105,000	-
(537,752)	(495,701)	-	(66,836)	(1,508,646)
-	300,782	1,877,353	974,221	4,794,726
<u>\$ (537,752)</u>	<u>\$ (194,919)</u>	<u>\$ 1,877,353</u>	<u>\$ 907,385</u>	<u>\$ 3,286,080</u>

See accompanying notes to the basic financial statements

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

Net Change in Fund Balances - Total Governmental Funds \$ (1,508,646)

*Amounts reported for governmental activities in the statement of activities
are different because:*

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets
is allocated over their estimated useful lives as depreciation
expense.

Capital Outlays	3,003,063
Depreciation Expense	(1,475,483)

The effect of various miscellaneous transactions involving capital assets
(i.e. sales, trade-ins, and disposals) is to decrease net assets. (19,682)

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenues in the funds. 248,058

Repayment of bond principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the
statement of net assets and does not result in an expense in
the statement of activities. 511,151

Governmental funds report the effect of bond issuance costs, premiums,
discounts, and similar items when debt is first issued, whereas these
amounts are deferred and amortized in the statement of activities.

Amortization of bond issuance costs	(14,648)
Amortization of premium on bonds	4,729

Some expenses reported in the statement of activities do not require
the use of current financial resources and therefore are not
reported as expenditures in governmental funds.

Compensated absences	62,485
Accrued interest	23,257

Change in Net Assets of Governmental Activities \$ 834,284

See accompanying notes to the basic financial statements

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**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
AS OF DECEMBER 31, 2009

	Business-type Activities - Enterprise Funds			
	Water Revenue	Sewer Revenue	Recycling Program	Total Enterprise Funds
Assets				
Current Assets:				
Pooled Cash and Cash Equivalents	\$ 720,841	\$ 10,749	\$ 118,556	\$ 850,146
Receivables:				
Accounts	211,157	295,301	3,965	510,423
Inventory	51,116	31,298	-	82,414
Prepaid Assets	3,028	7,292	-	10,320
Total Current Assets	<u>986,142</u>	<u>344,640</u>	<u>122,521</u>	<u>1,453,303</u>
Noncurrent Assets:				
Depreciable Capital Assets, Net	1,823,236	5,348,570	-	7,171,806
Non-Depreciable Capital Assets	8,248,643	489,768	-	8,738,411
Deferred Bond Issuance Costs	-	1,688	-	1,688
Total Noncurrent Assets	<u>10,071,879</u>	<u>5,840,026</u>	<u>-</u>	<u>15,911,905</u>
Total Assets	<u>11,058,021</u>	<u>6,184,666</u>	<u>122,521</u>	<u>17,365,208</u>
Liabilities				
Current Liabilities:				
Accounts Payable	20,794	57,335	12,771	90,900
Accrued Wages and Benefits	11,698	12,779	-	24,477
Due to Other Governments	19,171	22,991	-	42,162
Accrued Interest payable	120,630	84,323	-	204,953
Accrued Vacation and Sick Leave	23,355	13,436	-	36,791
Retainage Payable	10,000	-	-	10,000
Notes Payable	250,000	500,000	-	750,000
Bonds Payable	129,000	-	-	129,000
Loan Payable	279,811	580,017	-	859,828
Total Current Liabilities	<u>864,459</u>	<u>1,270,881</u>	<u>12,771</u>	<u>2,148,111</u>
Noncurrent Liabilities:				
Accrued Vacation and Sick Leave	31,567	48,009	-	79,576
Bonds Payable	525,000	-	-	525,000
Loan Payable	6,665,303	3,920,706	-	10,586,009
Total Noncurrent Liabilities	<u>7,221,870</u>	<u>3,968,715</u>	<u>-</u>	<u>11,190,585</u>
Total Liabilities	<u>8,086,329</u>	<u>5,239,596</u>	<u>12,771</u>	<u>13,338,696</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	2,222,765	837,615	-	3,060,380
Unrestricted	748,927	107,455	109,750	966,132
Total Net Assets	<u>\$ 2,971,692</u>	<u>\$ 945,070</u>	<u>\$ 109,750</u>	<u>\$ 4,026,512</u>

See accompanying notes to the basic financial statements

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-type Activities - Enterprise Funds			
	Water Revenue	Sewer Revenue	Recycling Program	Total Enterprise Funds
Operating Revenues				
Charges for Services	\$ 1,642,538	\$ 1,862,377	\$ 163,949	\$ 3,668,864
Total Operating Revenues	<u>1,642,538</u>	<u>1,862,377</u>	<u>163,949</u>	<u>3,668,864</u>
Operating Expenses				
Personal Services	414,777	535,329	-	950,106
Contractual Services	344,636	517,548	153,257	1,015,441
Supplies and Materials	73,153	129,567	-	202,720
Administrative Fees	320,402	238,406	-	558,808
Depreciation	160,848	215,732	-	376,580
Total Operating Expenses	<u>1,313,816</u>	<u>1,636,582</u>	<u>153,257</u>	<u>3,103,655</u>
Operating Income/(Loss)	<u>328,722</u>	<u>225,795</u>	<u>10,692</u>	<u>565,209</u>
Nonoperating Revenues (Expenses)				
Interest Expense	(150,158)	(206,763)	-	(356,921)
Total Non-Operating Revenues (Expenses)	<u>(150,158)</u>	<u>(206,763)</u>	<u>-</u>	<u>(356,921)</u>
Income/(Loss) Before Capital Contributions	<u>178,564</u>	<u>19,032</u>	<u>10,692</u>	<u>208,288</u>
Capital Contributions	138,976	2,629	-	141,605
Change in Net Assets	<u>317,540</u>	<u>21,661</u>	<u>10,692</u>	<u>349,893</u>
Net Assets at Beginning of Year	2,654,152	923,409	99,058	3,676,619
Net Assets at End of Year	<u>\$ 2,971,692</u>	<u>\$ 945,070</u>	<u>\$ 109,750</u>	<u>\$ 4,026,512</u>

See accompanying notes to the basic financial statements

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-type Activities - Enterprise Funds			
	Water Revenue	Sewer Revenue	Recycling Program	Total Enterprise Funds
Cash Flows from Operating Activities				
Cash received from customers	\$ 1,605,821	\$ 1,799,279	\$ 162,967	\$ 3,568,067
Cash paid to employees	(387,495)	(509,126)	-	(896,621)
Cash paid to suppliers	(406,942)	(671,648)	(153,257)	(1,231,847)
Cash paid for other expenses	(320,402)	(238,406)	-	(558,808)
Net cash flows from operating activities	<u>490,982</u>	<u>380,099</u>	<u>9,710</u>	<u>880,791</u>
Cash Flows from Capital and Related Financing Activities				
Purchase of capital assets	(806,024)	(618,246)	-	(1,424,270)
Capital grants	142,298	5,257	-	147,555
Payment of debt	(587,524)	(767,475)	-	(1,354,999)
Payment of interest	(36,362)	(117,667)	-	(154,029)
Proceeds of notes	750,623	972,278	-	1,722,901
Net cash flows from capital and related financing activities	<u>(536,989)</u>	<u>(525,853)</u>	<u>-</u>	<u>(1,062,842)</u>
Net change in cash	(46,007)	(145,754)	9,710	(182,051)
Cash and cash equivalents at beginning of year	766,848	156,503	108,846	1,032,197
Cash and cash equivalents at end of year	<u>\$ 720,841</u>	<u>\$ 10,749</u>	<u>\$ 118,556</u>	<u>\$ 850,146</u>
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:				
Operating income (loss)	\$ 328,722	\$ 225,795	\$ 10,692	\$ 565,209
Add depreciation expense	160,848	215,732	-	376,580
(Increase)/Decrease in current assets				
Accounts receivable	(36,717)	(63,098)	(982)	(100,797)
Prepaid Items	(188)	(424)	-	(612)
Material and Supply Inventory	4,467	(8,063)	-	(3,596)
Increase/(Decrease) in current liabilities				
Accounts payable	6,568	(16,046)	-	(9,478)
Accrued Wages and Benefits	5,287	4,634	-	9,921
Accrued Vacation and Sick Leave	18,480	17,926	-	36,406
Due To Other Governments	3,515	3,643	-	7,158
Net Cash Flows from Operating Activities	<u>\$ 490,982</u>	<u>\$ 380,099</u>	<u>\$ 9,710</u>	<u>\$ 880,791</u>

See accompanying notes to the basic financial statements

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
AS OF DECEMBER 31, 2009

	<u>Agency Funds</u>
Assets	
Pooled Cash and Investments	\$ 155,992
Total Assets	<u>155,992</u>
Liabilities	
Due to Others	154,669
Accounts Payable	<u>1,323</u>
Total Liabilities	<u>155,992</u>
Net Assets	
Total Net Assets	<u>\$ -</u>

See accompanying notes to the basic financial statements

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 1 – REPORTING ENTITY

The City of Urbana, Ohio (City) is a political unit incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City was incorporated in 1868, and has a Council-Mayor form of government. The City provides the following services: public safety (police and fire), highways and streets, water, sewer, recycling, recreation, planning and zoning and general administrative services.

For financial reporting purposes, the City includes in this report all funds, agencies, boards, commissions, and departments in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 criteria for determining the entity and component units. Under the provisions of GASB Statement No. 14, the City of Urbana is the primary government, since it is a general purpose government that has a separate elected governing body; functions as a separate legal entity; and is fiscally independent of other state and local governments. As used in GASB Statement No. 14, fiscally independent means that the City may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue debt. As required by generally accepted accounting principles, these basic financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the government's operations and so data is combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the financial statements to emphasize it is legally separate from the government. There are no blended or discretely presented component units at December 31, 2009.

Certain units of local governments, over which the City exercises no authority, such as the Champaign County Library, Champaign County Health District and Ohio Hi-Point Joint Vocational School, are other local governmental and non-profit entities with independent elected officials and are excluded from the accompanying basic financial statements. The City is not a component unit of any other entity. Other local governmental entities that overlap the City's boundaries are Champaign County and the Urbana City School District. These entities do not meet the reporting entity criteria and, therefore, are not included in the City's financial reports.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below.

(a) *Government-Wide and Fund Financial Statements*

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Interfund activity, and related interfund receivables and payables, have been eliminated in the government-wide statements. These eliminations remove the duplicating effect on assets, liabilities, revenues, expenses that would otherwise occur. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

(b) Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough after to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Taxes, intergovernmental revenues, charges for services, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

Street Fund – To account for state-levied and controlled gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

Police and Fire Tax Levy Fund - To account for the 3/10% income tax for additional patrolmen and firefighters that the General Fund can not financially support.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

East Lawn Street Reconstruction Fund - To account for revenues and expenditures associated with the reconstruction of East Lawn Street.

Scioto Street Reconstruction Fund – To account for grant revenues and expenditures associated with the reconstruction of Scioto Street, including paving, curbs, sidewalks, street lighting, and widening.

Capital Improvement Fund – To account for the income tax resources earmarked for capital improvements used for general improvement of all City facilities and operations.

Perpetual Investment Fund - To account for the proceeds from the sale of the City's Gas Lines in 1982. The Fund currently accounts for monies set aside for the 68 by-pass.

The proprietary funds are used to account for the City's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City reports the following major proprietary funds:

Water Fund – Accounts for the operation of the waterworks distribution system and related expenses, including capital improvement and debt service. The operation is exclusively financed by customer user charges.

Sewer Fund – Accounts for the operation of the sanitary sewer collection and treatment system and related expenses, including capital improvement and debt service. The operation is exclusively financed by customer user charges.

Recycling Program Fund - Accounts for the operation of the recycling service provided by the City. The operation is exclusively financed by customer user charges.

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City's fiduciary funds include agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds consist of the Champaign County Municipal Court fund and employee supplemental health insurance fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

(c) Cash and Cash Equivalents

The City pools cash and investments of various funds to improve investment performance. Each fund's position in the pool is reflected in the participating fund as cash and cash equivalents. Interest earnings from cash and investments are allocated to the General Fund, except for funds derived from contract, trust agreement or City ordinance which require crediting otherwise. Of the amount reported in the general fund, \$200,074 was assigned from other City funds.

For purposes of the statement of cash flows, the City's proprietary funds consider cash equivalents to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts such as certificates of deposit are reported at cost.

(d) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements and outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account to indicate that they do not constitute available financial resources and therefore are not available for appropriation.

(e) Inventory and Prepaid Assets

Inventory is valued at cost (first-in, first-out). In both the governmental and proprietary funds, inventories are recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

In the governmental funds, inventories and prepaid items are offset by a fund balance reserve account to indicate that they do not constitute available financial resources and therefore are not available for appropriation.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

In the case of the initial capitalization of general infrastructure assets (i.e. those reported in the governmental activities) the City chose to include all such items acquired from January 1, 1980 through the present. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and recorded at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful Life (Years)</u>
Land improvements	25
Buildings and improvements	25
Machinery and equipment	5 to 20
Infrastructure	25-50

(g) Bond Issuance Costs

Bond issuance costs for proprietary fund types are deferred and amortized over the terms of the bonds using methods that approximate the effective interest method.

(h) Compensated Absences

Vested vacation and sick leave is recorded as an expense in the government-wide and proprietary fund financial statements in the period in which such leave was earned. In the governmental funds, an expenditure is recorded for only the portion of vested vacation and sick leave that is expected to be liquidated with expendable available resources. Payment of vacation and sick leave recorded in the government-wide financial statements is dependent upon many factors; therefore, timing of future payments is not readily determinable. Management believes that sufficient resources will be made available when payment is due.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Long Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(j) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(k) Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditure/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

Ohio Revised Code section 5705.36 states that appropriations shall not exceed actual resources available for spending. At the end of 2009, the appropriations exceeded actual resources in the Street Fund for the City.

<u>Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>(Under)</u>
Street	\$ 823,694	\$ 874,560	\$ (50,866)

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE (Continued)

Ohio Revised Code section 5705.41(B) states that no entity shall expend money unless it has been appropriated. At the end of 2009, the budgetary expenditures exceeded the budgetary appropriations in the Capital Improvements Fund at the legal level of control for the City.

<u>Expenditures</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Public Safety			
Supplies, Materials and Other	\$ 25,000	\$ 27,204	\$ (2,204)
Transportation			
Supplies, Materials and Other	153,662	233,683	(80,021)
General Government			
Supplies, Materials and Other	280,500	302,451	(21,951)
Capital Outlay			
Supplies, Materials and Other	590,278	606,019	(15,741)
Debt Service-Principal			
Supplies, Materials and Other	78,822	604,635	(525,813)
Debt Service-Interest			
Supplies, Materials and Other	23,178	36,176	(12,998)
Total Expenditures	<u>\$ 1,151,440</u>	<u>\$ 1,810,168</u>	<u>\$ (658,728)</u>

NOTE 4 – DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or can be withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the City has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investment to the Treasurer, or qualified trustee, unless the securities are not represented by a certificate, in which payment may be made upon receipt of confirmation of transfer from the custodian.

Deposits - At year-end, the carrying amount of the City's deposits was \$4,956,210, which includes certificates of deposit totaling \$3,399,140 and petty cash totaling \$959, and the bank balance was \$5,067,515. Of the bank balance, \$654,252 was covered by federal depository insurance, \$3,001,894 was covered by Federal Home Loan Bank letters of credit, and the remaining amount was covered by collateral held by third party trustees pursuant to Section 135.181 Revised Code, in collateralized pools securing all public funds on deposit with the specific depository institutions in amounts equal to at least 105% of the City's carrying value of deposits. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Custodial Credit Risk – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk. As mention above, at year end, \$1,411,370 of the City's bank balance was exposed to custodial credit risk because it was uninsured and collateralized by securities held by a pledging financial institution's trust department or agent, but not in the City's name.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 5 – INCOME TAXES

Municipalities within the State of Ohio are permitted by state statute to levy an income tax up to a maximum rate of 1% subject to the approval of the local legislative body. Any rate in excess of 1% requires the approval of a majority of the eligible voters residing within the municipal corporation. The City of Urbana levies a tax on all wages, salaries, commissions and other compensation paid by employers and the net profits from a business or professional person earned within the City, excluding income from intangible personal property. In addition, City residents pay city income tax on income earned outside the City; net of a credit limited to 1% for income taxes paid to other municipalities. In 1992 the City Council ordered mandatory income tax filing.

The tax rate applied in 2009 was 1.4% of which 1% was unvoted and 0.4% was voted. The additional 0.4% tax became effective January 1, 1992, and is designated to fund fire and police personnel and capital improvement costs.

Twenty-five percent (25%) of all income tax revenues are required to be used for the purpose of financing capital improvements, including debt service charges on notes and bonds issued for capital improvements. This portion of income tax revenues is distributed to the Capital Improvement Fund from which capital improvements and related debt service charges are financed.

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CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 6 – PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the City. All property is required to be revalued every six years with equalization adjustments in the third year following reappraisal. The last revaluation was completed in 2002.

Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value.

Public utility property taxes are assessed on tangible personal property as well as land and improvements at 88% of true value (50% of cost) with certain exceptions. Public utility property taxes, attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes.

Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes.

The assessed value of the City for tax years 2009 and 2008, upon which the 2010 and 2009 levies were based, were \$203,863,869 and \$217,803,706, respectively.

The Champaign County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City of Urbana. The County Auditor periodically advances to the City its portion of the taxes collected. Property taxes may be paid on either an annual or semi-annual basis.

The assessed valuations of the City for tax year 2008, which were used to collect taxes in calendar year 2009, are as follows:

	<u>Amount</u>	<u>Percent</u>
Real Estate (Other Than Public Utility)	\$188,319,200	93%
Public Utility	4,810,720	2%
Tangible Personal	<u>10,733,949</u>	<u>5%</u>
Total Assessed Value	<u>\$203,863,869</u>	<u>100%</u>

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 7 – CAPITAL ASSETS

A summary of capital asset activity for Governmental Activities for the fiscal year follows:

Governmental Activities

	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Nondepreciable Capital Assets					
Land	\$ 3,488,076	\$ 15,000	\$ -	\$ -	\$ 3,503,076
Construction in Progress	1,688,406	2,212,920		(3,447,773)	453,553
Total Nondepreciable Assets	5,176,482	2,227,920	-	(3,447,773)	3,956,629
Depreciable Capital Assets					
Building and Improvements	15,058,577	417,146	-	-	15,475,723
Machinery and Equipment	3,722,634	357,997	(58,548)	-	4,022,083
Infrastructure	13,124,613	-	-	3,447,773	16,572,386
Total Depreciable Assets	31,905,824	775,143	(58,548)	3,447,773	36,070,192
Less accumulated depreciation					
Building and Improvements	9,234,872	834,319	-	-	10,069,191
Machinery and Equipment	2,754,168	226,944	(38,866)	-	2,942,246
Infrastructure	3,099,057	414,220			3,513,277
Total accumulated depreciation	15,088,097	1,475,483	(38,866)	-	16,524,714
Depreciable Capital Assets, Net of accumulated depreciation	16,817,727	(700,340)	(19,682)	3,447,773	19,545,478
Total Capital Assets, Net	\$21,994,209	\$1,527,580	\$ (19,682)	\$ -	\$23,502,107

Depreciation expense was charged to the governmental functions as follows:

General Government	\$ 234,108
Public Safety	206,832
Transportation	888,396
Health	50,510
Leisure Activities	95,637
Total depreciation expense	\$ 1,475,483

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 7 – CAPITAL ASSETS (Continued)

Business Type Activities

Water Revenue Fund	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Land	\$ 460,028	-	-	-	\$ 460,028
Work in Progress	7,862,664	387,341	-	(461,390)	7,788,615
Total Nondepreciable Assets	<u>8,322,692</u>	<u>387,341</u>	<u>-</u>	<u>(461,390)</u>	<u>8,248,643</u>
Depreciable Capital Assets					
Buildings	10,555,736	-	-	-	10,555,736
Equipment	2,702,671	25,622	-	-	2,728,293
Infrastructure	480,263	-	-	461,390	941,653
Total Depreciable Assets	<u>13,738,670</u>	<u>25,622</u>	<u>-</u>	<u>461,390</u>	<u>14,225,682</u>
Less accumulated depreciation					
Buildings	10,213,770	100,057	-	-	10,313,827
Equipment	2,006,769	50,416	-	-	2,057,185
Infrastructure	21,059	10,375	-	-	31,434
Total accumulated depreciation	<u>12,241,598</u>	<u>160,848</u>	<u>-</u>	<u>-</u>	<u>12,402,446</u>
Depreciable Capital Assets, Net of accumulated depreciation	<u>1,497,072</u>	<u>(135,226)</u>	<u>-</u>	<u>461,390</u>	<u>1,823,236</u>
Total Capital Assets, Net	<u>\$ 9,819,764</u>	<u>\$ 252,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,071,879</u>

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 7 – CAPITAL ASSETS (Continued)

Sewer Revenue Fund	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Land	\$ 489,768	\$ -	\$ -	\$ -	\$ 489,768
Work in Progress	2,792,610	377,286	-	(3,169,896)	-
Total Nondepreciable Assets	<u>3,282,378</u>	<u>377,286</u>	<u>-</u>	<u>(3,169,896)</u>	<u>489,768</u>
Depreciable Capital Assets					
Buildings	20,351,415	-	-	603,650	20,955,065
Equipment	1,534,397	-	(96,428)	2,201,209	3,639,178
Infrastructure	1,613,761	-	-	365,037	1,978,798
Total Depreciable Assets	<u>23,499,573</u>	<u>-</u>	<u>(96,428)</u>	<u>3,169,896</u>	<u>26,573,041</u>
Less accumulated depreciation					
Buildings	19,622,565	165,845	-	-	19,788,410
Equipment	1,452,987	36,011	(96,428)	-	1,392,570
Infrastructure	29,615	13,876	-	-	43,491
Total accumulated depreciation	<u>21,105,167</u>	<u>215,732</u>	<u>(96,428)</u>	<u>-</u>	<u>21,224,471</u>
Depreciable Capital Assets, Net of accumulated depreciation	<u>2,394,406</u>	<u>(215,732)</u>	<u>-</u>	<u>3,169,896</u>	<u>5,348,570</u>
Total Capital Assets, Net	<u><u>\$ 5,676,784</u></u>	<u><u>\$ 161,554</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,838,338</u></u>

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 8 – LONG TERM LIABILITIES

The following is a summary of changes in long-term liabilities of the governmental activities for the year ended December 31, 2009:

<i>Governmental Activities</i>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Municipal Bldg Renovation GO Bonds 2006-2015 3.25%-4% Police & Fire Capital Improve. Fund	\$ 1,805,000	-	(230,000)	1,575,000	240,000
Airport Runway Expansion GO Bonds 2006-2015 3.25%-4% Airport Fund	32,000	-	(16,000)	16,000	16,000
Refunding Bonds Premium 2006-2015	33,106	-	(4,729)	28,377	-
9-1-1 Radio Equipment GO Bonds 2006-2016 4.25%-4.3% Police & Fire Capital Improve. Fund	415,000	-	(45,000)	370,000	45,000
Mausoluem Phase II GO Bonds 2006-2011 4.25% Mausoluem Trust Fund	315,000	-	(100,000)	215,000	105,000
HB300 Energy Savings	500,339	-	(53,635)	446,704	55,966
Total	3,100,445	-	(449,364)	2,651,081	461,966
Compensated Absences	873,191	368,243	(430,728)	810,706	212,758
Landfill Post Closure Liability	1,281,822	-	(61,044)	1,220,778	83,135
Unfunded P & F Pension Obligation Police & Fire Pension Levy Fund	263,378	-	(5,472)	257,906	5,705
Total Governmental Activities Long Term Liabilities	\$ 5,518,836	\$ 368,243	\$ (946,608)	\$ 4,940,471	\$ 763,564

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 8 – LONG TERM LIABILITIES (Continued)

The following is a summary of changes in long-term liabilities of the business-type activities for the year ended December 31, 2009:

<i>Business-Type Activities</i>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Water Fund:					
GO Bonds 1995-2009 3.9%-5.85% Refinance Waterworks 79	\$ 125,000	\$ -	\$ (125,000)	\$ -	\$ -
GO Bonds 1997-2010 4.3%-5.85% Gwynne St Water Tower	68,000	-	(34,000)	34,000	34,000
GO Bonds 2006-2015 4%-4.75% Water System Improvements	710,000	-	(90,000)	620,000	95,000
OPWC 0% Interest Loan	290,082	-	(11,157)	278,925	22,314
OPWC 0% Interest Loan Well Field	87,575	-	(2,367)	85,208	4,734
OWDA Loan 2008-2029 3.36% North 29 Water System Improvement	5,019,493	586,488	-	5,605,981	202,763
OPWC 0% Interest Loan Well Field	1,000,000	-	(25,000)	975,000	50,000
Deferred Amount of Refunding	(897)		897	-	-
Accrued Vacation and Sick Leave	36,442	34,925	(16,445)	54,922	23,355
Total Business-Type Activities	<u>\$ 7,335,695</u>	<u>\$ 621,413</u>	<u>\$ (303,072)</u>	<u>\$ 7,654,036</u>	<u>\$ 432,166</u>

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 8 – LONG TERM LIABILITIES (Continued)

<i>Business-Type Activities</i>	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Sewer Fund:					
OWDA Loan 1995-2012 4.56% Refinanced 1995 Upgrade	609,962	-	(96,018)	513,944	198,654
OWDA Loan 1995-2015 4.56% N-Viro Project	180,175	13,956	-	194,131	-
OWDA Loan 1996-2016 4.04% N-Viro Project	395,322	-	(22,826)	372,496	47,045
OPWC 0% Interest Loan	210,000	-	(15,000)	195,000	30,000
OWDA Loan 2008-2018 4.11% Sludge Handling Improvements	1,056,375	293,800	(63,947)	1,286,228	131,863
OWDA Loan 2008-2029 3.95% Sludge Handling Facility	636,506	36,990	(29,556)	643,940	60,875
OWDA Loan 2008-2018 4.78% Septage Receiving Facility	402,197	124,232	(22,215)	504,214	46,035
OWDA Loan 2008-2018 4.78% Septage Receiving Facility	609,607	17,256	(26,869)	599,994	55,545
OPWC 0% Northwest Sanitary	200,000	-	(5,000)	195,000	10,000
Deferred Amount on Refunding	(7,634)	-	3,410	(4,224)	-
Accrued Vacation and Sick Leave	43,519	34,840	(16,914)	61,445	13,436
Total Business-Type Activities	\$ 4,336,029	\$ 521,074	\$ (294,935)	\$ 4,562,168	\$ 593,453

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 8 – LONG TERM LIABILITIES (Continued)

Annual requirements to pay principal and interest on long-term debt at December 31, 2009:

	Governmental Activities		Business Type-Activities			
			Water		Sewer	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	461,966	105,835	408,811	218,219	580,017	138,575
2011	468,398	88,068	381,681	206,358	645,073	147,417
2012	365,936	68,731	393,784	194,980	564,508	120,576
2013	383,584	53,757	406,128	183,137	474,974	142,233
2014	396,348	38,055	418,720	170,557	493,689	82,516
2015-2019	546,472	26,722	1,781,799	681,611	1,651,686	142,208
2020-2024	-	-	1,843,344	443,816	50,000	-
2025-2029	-	-	1,964,847	202,150	45,000	-
Total	2,622,704	381,168	7,599,114	2,300,828	4,504,947	773,525

The Ohio Revised Code provides that the net debt of a municipal corporation whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations of debt are measured by a direct ratio of net debt to tax valuation in terms of a percentage. On December 31, 2009, the City's total net debt amounted to 1.6% of the total assessed value of all property within the City. The aggregate amount of the City's unvoted debt is also subject to overlapping debt restrictions with Champaign County and the Urbana City School District. As of December 31, 2009, these entities have complied with the requirement that overlapping debt must not exceed 1% (10 mills) of the assessed property value.

NOTE 9 – ADVANCE REFUNDINGS

On February 1, 1995, the City of Urbana advance-refunded the 1991 Wastewater Treatment Plant Upgrade Bonds with an Ohio Water Department Authority (OWDA) Loan. The City signed a loan agreement for \$2,600,000 from the OWDA to provide resources to purchase U.S. Government Securities that were placed in an irrevocable trust to provide for all future debt service payments on the refunded debt. As a result, the refunded bonds are considered defeased and the liability has been removed from the City's financial statements. The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$105,661. This difference reported in the accompanying financial statements is being charged to operations through the year 2012 using the effective interest method. The advanced refund was taken to reduce total debt service payments over the remaining 17 years by \$655,522 and to obtain an economic gain (difference between present value of the debt service payments of the refunded and refunding bonds) of \$414,214. As of December 31, 2009, the debt service requirement to maturity of the defeased bonds was \$514,702.

On July 1, 1995, the City issued \$4.885 million in General Obligation Bonds to finance a municipal building upgrade (\$3.6 million) and advance refund the 1979 Water Mortgage Revenue Bonds (\$1,545,000). The bonds were issued with interest rates ranging from 3.9% to 5.5%, compared to the refunded bonds having an interest rate of 6.75%.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 9 – ADVANCE REFUNDINGS (Continued)

The net proceeds of the refunding bonds (\$1,662,373) plus \$341,172 of the 1979 Revenue Bonds' sinking funds were used to purchase U.S. government securities that were placed in an irrevocable trust to provide for all future debt service payments on the refunded bonds. As a result, the 1979 revenue bonds are considered defeased and the liability for those bonds has been removed from the City's financial statements. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$191,833. This difference, reported in the accompanying financial statements, is being charged to operations through the year 2009 using the effective interest method. The advance refunding reduces its total debt service over the next 14 years by \$655,262 and to obtain an economic gain (difference between present values of the old and new debt service payments) of \$120,593. As of December 31, 2009, the debt service requirement to maturity of the defeased bonds was \$0.

On August 1, 2005, the City issued \$2.645 million in General Obligation Bonds to currently refund the 1995 Municipal Building Bonds, Airport Runway Realignment Bonds, and Water Tower Maintenance Bonds. The net proceeds of the refunding bonds were used to purchase U.S. Government Securities that were placed in an irrevocable trust to provide for all future debt service payments on the refunded bonds. As a result, the 1995 Municipal Building Bonds, Airport Runway Realignment Bonds, and Water Tower Maintenance Bonds are considered defeased and the liability for those bonds has been removed from the City's financial statements. The current refunding reduced resulting in net present value cash flow savings of \$156,649. As of December 31, 2009, the debt service requirement to maturity of the defeased bonds was \$0.

NOTE 10 – SHORT-TERM OBLIGATIONS

The City's short-term debt activity for the fiscal year, including amounts outstanding, interest rates, and the purpose for which the debt was issued, are as follows:

Governmental Activities	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Bond Anticipation Notes				
Recreation Building, 1.76%	\$ 100,000	\$ 100,000	\$ (100,000)	\$ 100,000
Armory Building, 1.76%	235,000	235,000	(235,000)	235,000
Scioto Street, 1.76%	200,000	200,000	(200,000)	200,000
Total Bond Anticipation Notes	<u>\$ 535,000</u>	<u>\$ 535,000</u>	<u>\$ (535,000)</u>	<u>\$ 535,000</u>
 Business-Type Activities				
Bond Anticipation Notes				
Water Lines, 1.76%	\$ 300,000	\$ 250,000	\$ (300,000)	\$ 250,000
Sewer Lines, 1.76%	500,000	500,000	(500,000)	500,000
Total Bond Anticipation Notes	<u>\$ 800,000</u>	<u>\$ 750,000</u>	<u>\$ (800,000)</u>	<u>\$ 750,000</u>

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 10 – SHORT-TERM OBLIGATIONS (Continued)

The City has issued bond anticipation notes to provide funds for the acquisition and construction of capital facilities and infrastructure. By Ohio law, notes can be issued in anticipation of bond proceeds, special assessment bond proceeds and levies, or for up to 50 percent of anticipated revenue collections. Limitations also exist on the number of times notes may be renewed.

The liability for the bond anticipation notes issued by the City is recorded in the funds that will repay the notes. All of the debt is backed by the full faith and credit of the City and mature within one year.

NOTE 11 – RISK MANAGEMENT

The City belongs to the Public Entities Pool of Ohio ("PEP"), a risk sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgements, settlements and other expenses resulting from covered claims that exceed the members' deductible.

PEP retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$2,000,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation. If the losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

PEP retains property risks, including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000. The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the City.

Pep's Financial Statements (most current available and audited by other accountants) conform with generally accepted accounting principles, and reported the following:

<u>Casualty & Property Coverage</u>	<u>2008</u>	<u>2007</u>
Assets	\$35,769,000	\$37,560,071
Liabilities	\$15,310,000	\$17,340,825
Retained Earnings	\$20,459,000	\$20,219,246

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 11 – RISK MANAGEMENT (Continued)

The City pays an annual premium to PEP for this coverage. The agreement provides that PEP will be self sustaining through member premiums and the purchase of excess and stop-loss insurance. The deductible per occurrence for all types of claims is \$2,500. Liability had a per-occurrence retention limit of \$500,000. After the retention limits are reached, excess insurance will cover up to the limits stated below.

General Liability (including law enforcement)	\$2,000,000 per occurrence
Automobile Liability	\$2,000,000 per occurrence
Public Officials Liability	\$2,000,000 per occurrence
Boiler and Machinery	BLANKET COVERAGE
Property	BLANKET COVERAGE

There were no significant reductions in insurance coverage during the year in any category of risk. Settled claims did not exceed insurance coverage in the past three years.

NOTE 12 – PENSION BENEFITS

A. Ohio Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

1. The Traditional Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
2. The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.
3. The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-PERS (7377).

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 12 – PENSION BENEFITS (Continued)

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Plan. The 2008 member contribution rate for City employees was 10.00% of covered payroll. The 2009 employer contribution rate for the City was 14.00% of covered payroll. The City's required contributions to OPERS for the years ended December 31, 2009, 2008, and 2007 were \$368,525, \$361,972, and \$389,328 respectively. The full amount has been contributed for 2008 and 2007. 89.2 percent has been contributed for 2009 with the remainder being reported as a fund liability.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.00 percent of their annual covered salary, while employers are required to contribute 19.50% and 24% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2009, 2008, and 2007 were \$629,638, \$595,985, and \$574,073, respectively. The full amount has been contributed for 2008 and 2007. 73.6 percent has been contributed for 2009 with the remainder being reported as a fund liability.

The City also makes payments to OP&F for its portion of past service cost determined at the time the fund was established in the mid-1930's. As of December 31, 2009, the unfunded liability is payable, including principal and interest, in annual installments for \$16,666 through the year 2035. The principal balance of \$257,906 is accounted for as a non-current liability in the governmental activities column of the Statement of Net Assets. The State of Ohio assumed the liability for past service cost at the time PERS was established.

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS

A. Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Plan (TP) – a cost-sharing multiple-employer defined benefit plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Ohio Revised Code provides statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 7.00% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's contributions to OPERS for post-employment benefits for the years ending December 31, 2009, 2008, and 2007 were \$153,691, \$180,986, and \$153,486, respectively. The full amount has been contributed for 2008 and 2007. 89.2 percent has been contributed for 2009 with the remainder being reported as a fund liability.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for employers increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multi-employer defined postemployment health care plan administered by OP&F. OP&F provide healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. An The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 13 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions to OP&F for the years ending December 31, 2009, 2008, and 2007 were \$629,638, \$595,985 and \$574,073, respectively, of which \$194,266, \$183,566 and \$177,164, respectively, was allocated to the healthcare plan.

NOTE 13 – LANDFILL CLOSURE/ POST CLOSURE COSTS

State and Federal laws and regulations require the City to perform certain maintenance and monitoring functions at the landfill for thirty years after closure. The City stopped accepting waste at the landfill in 1987. The Ohio EPA approved the final closure and post closure plan in January 1988. With the assistance of Arcadis Engineering, the geological engineers, the \$1,220,778 reported as landfill post closure liability at December 31, 2009, represents the estimated costs to maintain and monitor the landfill through 2018. Actual costs may change due to inflation, changes in technology, or changes in regulations.

NOTE 14 – INTERFUND BALANCES

Interfund balances at December 31, 2009 consisted of the following:

<u>Fund</u>	<u>Beginning Balance</u>	<u>New Advances</u>	<u>Advance Repayments</u>	<u>Ending Balance</u>
General	331,460	95,000	-	426,460
Capital Improvement	(141,460)	-	-	(141,460)
Mausoleum Trust	(190,000)	(95,000)	-	(285,000)

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 14 – INTERFUND BALANCES (Continued)

In accordance with City financial policies, the City’s General Fund allocates administrative costs to various other funds. The Capital Improvement Fund amount noted above represents the Capital Improvement Funds’ share of administrative costs not yet paid to the General Fund.

The Mausoleum Trust Fund amount noted above represents monies advanced from the General Fund to pay debt service on the bonds that were issued to construct the mausoleum. These funds will be returned to the General Fund as funds become available through mausoleum sales.

NOTE 15 – INTERFUND TRANSFERS

Interfund transfers during the fiscal year were as follows:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 293,870
Street	130,000	-
East Lawn Reconstruction	58,870	-
Oakdale Cemetery	105,000	-
	<u>\$ 293,870</u>	<u>\$ 293,870</u>

Transfers are used to (1) move receipts restricted to debt service from the fund(s) collecting the receipts to the debt service fund(s) as debt service payments become due, (2) move matching monies to finance the City’s share of grant expenses, and (3) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code and grant requirements.

NOTE 16 – SIGNIFICANT CONSTRUCTION COMMITMENTS

Several State and United States Routes paving projects in conjunction with the Ohio Department of Transportation have been approved and will be funded with Capital Improvement monies through 2013.

Work started in 2009 and will continue into 2010 on the Duggan Run project with the completion of phase I during 2009 at a cost of \$0.5 million. Phase I consisted of replacing storm pipe, installing several new box culverts, and regrading the ditch on the North side of the City. Phase II of this project will commence and be completed in 2010. When complete, the project will improve flood control provisions throughout the City of Urbana. The total cost of the phase I & II is \$1.5 million.

The City is substantially complete with the new north well field which will be completed in 2010 at an estimated cost of \$8.0 million. The three wells will supply additional water and backup for the city in excess of City of Urbana needs well into the future.

CITY OF URBANA, OHIO
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

NOTE 16 – SIGNIFICANT CONSTRUCTION COMMITMENTS (Continued)

The City will complete construction on the Scioto Street enhancement in 2010 at a cost of \$1.5 million. The improvement includes a third lane for left turns, curbs, sidewalks, street lights and new surface paving and stripping. The project will be completed early Spring, 2010.

The City also completed construction on the former Amory building in 2009 at a cost of \$0.4 million. The renovated facility allows the building to be used for classrooms, office, and lab space for Ohio Hi-Point Career Center.

Also in 2010, route 55 between route 68 and the railroad overpass will be re-surfaced at a cost of \$0.4 million, and part of this project will include replacing or improving the road bed which has seen a significant increase in truck traffic.

NOTE 17 – CONTINGENT LIABILITIES

The City was a defendant in a few lawsuits pertaining to matters that are incidental to performing routine governmental and other functions. Legal counsel cannot estimate exact exposure, if any, in these suits. All cases are being defended vigorously by the City. It is the opinion of management and the City's legal counsel that sufficient resources will be available for the payment of such claims, if any, upon ultimate settlement or covered by insurance.

NOTE 18 – DEFICIT FUND BALANCE/ NETASSETS

The following individual fund had deficit fund balances/net assets at December 31, 2009:

Capital Improvement Fund	\$ 194,919
Dugan Run Improvement Fund	\$ 18,603
Scioto Street Reconstruction Fund	\$ 537,752
Victim Assistance Grant Fund	\$ 8,819
Fire Safety Council Fund	\$ 276
Mausoleum Trust Fund	\$ 277,983

These deficit fund balances are primarily the result of accrued liabilities recorded with the application of generally accepted accounting principles. The general fund is responsible for fund deficits, however, transfers are recorded when cash is needed rather than when the accruals occurs.

NOTE 19 – FUND RECLASSIFICATION

In fiscal year 2009, the City's Scioto Street Reconstruction Fund met the minimum criteria for mandatory major fund reporting and needed to be reclassified accordingly.

There was no effect on fund balance for fiscal year 2008 due to the Scioto Street Reconstruction fund having a zero fund balance.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF URBANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES- BUDGET AND ACTUAL- BUDGETARY (NON-GAAP) BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance Over/(Under)
<u>Revenues:</u>				
Income Tax	\$ 2,775,000	\$ 2,775,000	\$ 2,548,962	\$ (226,038)
Property Tax	380,172	410,172	464,688	54,516
Intergovernmental	900,128	900,128	782,921	(117,207)
Charges for Services	678,950	678,950	764,965	86,015
Fines, Licenses and Permits	603,400	603,400	703,777	100,377
Interest	150,000	150,000	118,071	(31,929)
Miscellaneous	50,000	50,000	56,004	6,004
Reimbursements	780,500	1,234,500	1,036,683	(197,817)
Total Revenues	<u>\$ 6,318,150</u>	<u>\$ 6,802,150</u>	<u>\$ 6,476,071</u>	<u>\$ (326,079)</u>
<u>Expenditures:</u>				
Current:				
General Government				
City Council				
Personal Services	78,060	79,035	78,302	733
Supplies, Materials and Other	2,350	2,685	2,756	(71)
Total City Council	<u>80,410</u>	<u>81,720</u>	<u>81,058</u>	<u>662</u>
Mayor/Administration				
Personal Services	277,380	272,680	256,007	16,673
Supplies, Materials and Other	15,620	15,620	18,736	(3,116)
Total Mayor/Administration	<u>293,000</u>	<u>288,300</u>	<u>274,743</u>	<u>13,557</u>
Municipal Court				
Personal Services	608,315	575,315	546,049	29,266
Supplies, Materials and Other	86,620	86,620	84,620	2,000
Total Municipal Court	<u>694,935</u>	<u>661,935</u>	<u>630,669</u>	<u>31,266</u>
Engineering				
Personal Services	201,845	203,655	202,027	1,628
Supplies, Materials and Other	8,690	8,690	6,239	2,451
Total Engineering	<u>210,535</u>	<u>212,345</u>	<u>208,266</u>	<u>4,079</u>
Code Enforcement				
Personal Services	54,640	55,810	53,660	2,150
Supplies, Materials and Other	2,590	2,590	3,781	(1,191)
Total Code Enforcement	<u>57,230</u>	<u>58,400</u>	<u>57,441</u>	<u>959</u>
Public Works				
Supplies, Materials and Other	97,515	154,395	150,153	4,242
Total Public Works	<u>97,515</u>	<u>154,395</u>	<u>150,153</u>	<u>4,242</u>
Finance Accounting				
Personal Services	197,095	207,225	204,540	2,685
Supplies, Materials and Other	20,605	20,605	17,421	3,184
Total Finance Accounting	<u>217,700</u>	<u>227,830</u>	<u>221,961</u>	<u>5,869</u>
Finance Income Tax				
Personal Services	95,205	95,205	93,162	2,043
Supplies, Materials and Other	20,124	23,124	21,886	1,238
Total Finance Income Tax	<u>115,329</u>	<u>118,329</u>	<u>115,048</u>	<u>3,281</u>

CITY OF URBANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES- BUDGET AND ACTUAL- BUDGETARY (NON-GAAP) BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Finance Utility Billing				
Personal Services	99,940	99,940	87,751	12,189
Supplies, Materials and Other	40,059	36,759	47,161	(10,402)
Total Finance Utility Billing	<u>139,999</u>	<u>136,699</u>	<u>134,912</u>	<u>1,787</u>
Law Department				
Personal Services	120,000	125,515	124,813	702
Supplies, Materials and Other	9,000	14,000	13,508	492
Total Law Department	<u>129,000</u>	<u>139,515</u>	<u>138,321</u>	<u>1,194</u>
Non-Departmental				
Supplies, Materials and Other	224,133	370,133	313,822	56,311
Total Non-Departmental	<u>224,133</u>	<u>370,133</u>	<u>313,822</u>	<u>56,311</u>
Total General Government	<u>2,259,786</u>	<u>2,449,601</u>	<u>2,326,394</u>	<u>123,207</u>
Security of Person and Property				
Police Services				
Personal Services	1,452,400	1,540,400	1,506,323	34,077
Supplies, Materials and Other	155,986	155,986	125,619	30,367
Total Police Services	<u>1,608,386</u>	<u>1,696,386</u>	<u>1,631,942</u>	<u>64,444</u>
Fire Services				
Personal Services	1,766,690	1,849,690	1,817,860	31,830
Supplies, Materials and Other	69,878	69,878	52,264	17,614
Total Fire Services	<u>1,836,568</u>	<u>1,919,568</u>	<u>1,870,124</u>	<u>49,444</u>
Ambulance Services				
Personal Services	7,530	7,530	11,421	(3,891)
Supplies, Materials and Other	42,902	44,902	33,783	11,119
Total Ambulance Services	<u>50,432</u>	<u>52,432</u>	<u>45,204</u>	<u>7,228</u>
Total Security of Person and Property	<u>3,495,386</u>	<u>3,668,386</u>	<u>3,547,270</u>	<u>121,116</u>
Health				
Supplies, Materials and Other	48,954	48,954	48,954	-
Total Health	<u>48,954</u>	<u>48,954</u>	<u>48,954</u>	<u>-</u>
Leisure Activities				
Recreation Administration				
Personal Services	87,125	59,010	49,989	9,021
Supplies, Materials and Other	15,095	15,095	13,929	1,166
Total Recreation Administration	<u>102,220</u>	<u>74,105</u>	<u>63,918</u>	<u>10,187</u>
Recreation Programs				
Supplies, Materials and Other	76,830	76,830	75,580	1,250
Total Recreation Programs	<u>76,830</u>	<u>76,830</u>	<u>75,580</u>	<u>1,250</u>
Recreation-Pool				
Personal Services	44,500	48,610	48,597	13
Supplies, Materials and Other	47,005	49,505	49,386	119
Total Recreation-Pool	<u>91,505</u>	<u>98,115</u>	<u>97,983</u>	<u>132</u>
Recreation Parks				
Personal Services	75,045	91,175	82,735	8,440
Supplies, Materials and Other	30,521	32,946	35,276	(2,330)
Total Recreation Parks	<u>105,566</u>	<u>124,121</u>	<u>118,011</u>	<u>6,110</u>
Total Leisure Activities	<u>376,121</u>	<u>373,171</u>	<u>355,492</u>	<u>17,679</u>

CITY OF URBANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES- BUDGET AND ACTUAL- BUDGETARY (NON-GAAP) BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Total Expenditures	<u>6,180,247</u>	<u>6,540,112</u>	<u>6,278,110</u>	<u>262,002</u>
Excess of Revenues Over/(Under) Expenditures	<u>137,903</u>	<u>262,038</u>	<u>197,961</u>	<u>64,077</u>
Other Financing Sources (Uses)				
Operating Transfers Out	(235,000)	(235,000)	(235,000)	-
Advances Out	<u>(95,000)</u>	<u>(95,000)</u>	<u>(95,000)</u>	<u>-</u>
Total Financing Sources (Uses)	<u>(330,000)</u>	<u>(330,000)</u>	<u>(330,000)</u>	<u>-</u>
Excess of Revenues Over/(Under) Expenditures Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(192,097)</u>	<u>(67,962)</u>	<u>(132,039)</u>	<u>64,077</u>
Fund Balance January 1, 2009	233,208	233,208	233,208	-
Prior Year Encumbrances	<u>20,572</u>	<u>20,572</u>	<u>20,572</u>	<u>-</u>
Fund Balance December 31, 2009	<u><u>61,683</u></u>	<u><u>185,818</u></u>	<u><u>121,741</u></u>	<u><u>64,077</u></u>

CITY OF URBANA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES- BUDGET AND ACTUAL- BUDGETARY (NON-GAAP) BASIS
STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Revenues:				
Intergovernmental	560,000	560,000	499,092	(60,908)
Miscellaneous	2,000	2,000	54,320	52,320
Reimbursements	100,000	100,000	105,079	5,079
Total Revenues	<u>662,000</u>	<u>662,000</u>	<u>658,491</u>	<u>(3,509)</u>
Expenditures:				
Current:				
Transportation				
Personal Services	562,455	659,955	602,054	57,901
Supplies, Materials and Other	205,040	218,040	225,448	(7,408)
Total Transportation	<u>767,495</u>	<u>877,995</u>	<u>827,502</u>	<u>50,493</u>
Excess of Revenues Over/(Under) Expenditures	<u>(105,495)</u>	<u>(215,995)</u>	<u>(169,011)</u>	<u>46,984</u>
Other Financing Sources (Uses)				
Operating Transfers In	180,000	180,000	130,000	(50,000)
Total Financing Sources (Uses)	<u>180,000</u>	<u>180,000</u>	<u>130,000</u>	<u>(50,000)</u>
Excess of Revenues Over/(Under) Expenditures				
Other Financing Sources Over (Under)				
Expenditures and Other Financing Uses	<u>74,505</u>	<u>(35,995)</u>	<u>(39,011)</u>	<u>(3,016)</u>
Fund Balance January 1, 2009	35,203	35,203	35,203	-
Prior Year Encumbrances	3,435	3,435	3,435	-
Fund Balance December 31, 2009	<u>113,143</u>	<u>2,643</u>	<u>(373)</u>	<u>(3,016)</u>

CITY OF URBANA
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES- BUDGET AND ACTUAL- BUDGETARY (NON-GAAP) BASIS
 POLICE AND FIRE LEVY FUND
 FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
<u>Revenues:</u>				
Income Tax	1,114,000	1,114,000	1,019,585	(94,415)
Miscellaneous	-	-	7,298	7,298
Total Revenues	<u>1,114,000</u>	<u>1,114,000</u>	<u>1,026,883</u>	<u>(87,117)</u>
<u>Expenditures:</u>				
Current:				
Public Safety				
Personal Services	969,060	1,079,060	1,019,908	59,152
Supplies, Materials and Other	153,860	190,860	175,282	15,578
Total Security of Persons and Property	<u>1,122,920</u>	<u>1,269,920</u>	<u>1,195,190</u>	<u>74,730</u>
Excess of Revenues Over/(Under) Expenditures	<u>(8,920)</u>	<u>(155,920)</u>	<u>(168,307)</u>	<u>(12,387)</u>
Fund Balance January 1, 2009	417,180	417,180	417,180	-
Prior Year Encumbrances	63,030	63,030	63,030	-
Fund Balance December 31, 2009	<u>471,290</u>	<u>324,290</u>	<u>311,903</u>	<u>(12,387)</u>

CITY OF URBANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 - BUDGETARY PROCESS

The City follows procedures prescribed by State law in establishing the budgetary data reflected in the financial statements as follows:

- (1) The City must submit a tax budget of estimated cash receipts and disbursements for all funds to the County Budget Commission by July 20 of each year for the following year, January 1 through December 31.
- (2) The County Budget Commission certifies its actions by September 1 and issues an Official Certificate of Estimated Resources, (the "Certificate") limiting the maximum amount the City may expend from a given fund during the year to the estimated resources available.
- (3) About January 1, the Certificate is amended to reflect the actual unencumbered balances from the preceding year. The City must prepare its appropriations so that the total contemplated expenditures from any fund will not exceed the amount stated in the initial or amended Certificate.
- (4) A temporary appropriation measure may be passed to control cash disbursements for the period January 1 through March 31. Before April 1, a permanent appropriation measure must be passed for the period January 1 through December 31. The budget identifies specific expenditure amounts by object for each division within each fund.
- (5) Unencumbered appropriations lapse at year end. State Statute provides that no contract, agreement or other obligation involving the expenditure of money shall be entered into unless the Director of Finance first certifies that the money required for such contract, agreement, obligation or expenditure is in the treasury, or is anticipated to come into the treasury, before the maturity of such contract.
- (6) Several City funds are deemed appropriated by local ordinance or City Charter and are therefore exempt from the budget process. The City adopts budgets for the following governmental funds: General Fund, Street, Police and Fire Income Tax Levy, Airport, Oak Dale Cemetery, Highway, Police and Fire Pension Levy, Supplemental Investment, CDBG Program Income, Cemetery Trust Income, Fire Trust, Fire Safety Trust, and Police Trust.

The Mayor acts as budget officer for the City and submits a proposed operating budget to the City Council on an annual basis. Public hearings are held to obtain taxpayer comments. The Council enacts the budget through passage of an ordinance. The appropriation ordinance controls expenditures at the object level. Council can amend the budget at functional expense lines, through the passage of supplemental ordinances. Management can amend appropriations below this level without council approval. Supplemental appropriations to the original appropriations ordinance were made during the year.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary control in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances, since they do not constitute expenditures or liabilities.

CITY OF URBANA
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 - BUDGETARY PROCESS (Continued)

While reporting financial position, results of operations and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements. Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Budget (Non-GAAP) Basis are presented on the budgetary basis in the Required Supplementary Information to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (1) Revenues are recorded when received in cash (budget) as opposed to when they are both measurable and available (GAAP).
- (2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- (3) Encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP).

Reconciliation of the major differences between the budget basis and GAAP basis are as follows:

**Excess (Deficiency) of Revenues and Other Financing Sources
 Over (Under) Expenditures and Other Financing Uses**

	General Fund	Street Fund	Police & Fire Levy Fund
GAAP Basis	\$ (274,498)	\$ (50,056)	\$ (191,652)
Revenue Accruals	(87,823)	(4,966)	6,342
Expenditure Accruals	361,966	20,677	53,558
Advances	(95,000)	-	-
Encumbrances	(36,684)	(4,666)	(36,555)
Budget Basis	\$ (132,039)	\$ (39,011)	\$ (168,307)

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SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. A description of each of the City's nonmajor special revenue funds is as follows:

Airport Operation and Maintenance Fund - accounts for the operation and maintenance of the Urbana Municipal Airport/Grimes Field. The revenue is primarily the sale of aviation fuel and hangar rental income. The General Fund subsidizes the operation.

State Highway Fund - accounts for the use of state-shared auto license taxes and gasoline taxes required to be used in maintaining and repairing state highways within the municipal corporation.

Oak Dale Cemetery Fund - accounts for all financial resources and their uses in operating and maintaining the city's cemetery, excluding capital outlay.

Police and Fire Pension Levy - accounts for 0.6 mill property tax authorized by state statute for the payment of current and past Police and Fire Pension liabilities.

Supplemental Investment Fund - accounts for 10% of the interest yielded from invested proceeds of the sale of the city's natural gas line system. In 1989, this fund accumulated \$150,000 of interest. Council designated that this amount of interest shall remain in the fund and all excess interest earned on the gas proceeds, from that point on, shall go to the General Fund. In compliance with Section 133.08 of the City of Urbana Codified Ordinances, the fund shall receive the interest on the fund balance.

Community Development Block Grant (CDBG) Program Income Fund - accounts for revenue generated by completed housing rehabilitation projects. The revenue received is primarily repayment of loans issued to owners of rehabilitated properties and is used to finance other community development projects.

FAA Airport Plan Grant Fund - accounts for the receipts and expenditures of Federal Aviation Administration grant and city monies for carrying out the Grimes Field Master Expansion Plan.

Dugan Run Improvement Fund - To account for revenues and expenditures associated with the Dugan ditch reconstruction project including new bridge culverts cleanout and widening.

Ohio Hi-Point Career Fund - accounts for grant revenues and expenditures associated with the renovation of the old Armory into the Ohio Hi-Point Career Center.

Community Development Block Grant Community Housing Improvement Program (CDBG CHIP) Fund - accounts for grant funds available to assist low and moderate income households for residents of the City of Urbana, which has substandard housing occupied by low and moderate income families who can not afford the costs of home repair and other related difficulties.

Law Enforcement Fund - accounts for property confiscated and resold as provided by State law.

Mandatory Drug Fine Fund - accounts for mandatory court fine levied in all drug cases, and used for drug investigations as provided by State law.

Indigent Drunk Drivers Fund - accounts for mandatory court fine levied in all drunk-driving cases, and used for law enforcement as provided by State law.

Probation Grant Fund – accounts for a grant from the Ohio Department of Corrections to administer probation office for municipal court.

Victims Advocate Fund – accounts for a grant from the Attorney General of Ohio to administer assisting victim of crimes for municipal court.

D.A.R.E. Grant Fund – accounts for a grant from the Attorney General of Ohio for drug abuse resistance education.

Neighborhood Stabilization Fund – account for receipts and expenditures associated with the demolition of residential homes in the City that are deemed beyond economical repair. The fund is supported by a grant. On occasion, revitalization funds are initiated to fix an existing residence.

FEMA Grant Fund – accounts for a grant from the Federal Emergency Management Agency to help mitigate damages from disaster.

Cemetery Trust Income Fund - accounts for income generated by investment of funds in Cemetery Trust Principal Fund. The income must be used for perpetual care of the cemetery.

Fire Donation Trust Fund – accounts for donations designated for use by the city Fire Division.

Police Donation Trust Fund – accounts for donations designated for use by the city Police Division.

City Beautification Trust Fund – accounts for donations designated for the purchase of trees and shrubs to be planted on city property and right-of-way.

Mausoleum Trust Fund – accounts for 20% of total mausoleum sales to be used to maintain and build mausoleums in Oak Dale Cemetery.

Fire Safety Council Fund – accounts for donations designated for use by the city Fire Division to teach child-related fire safety.

Cemetery Trust Principal Fund - accounts for the donations, which is legally restricted. The interest earnings are reported in the Cemetery Trust Income Fund.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds. A description of each of the City's nonmajor capital projects funds is as follows:

Police & Fire Capital Project Fund - accounts for 1/10% of additional police & fire equipment and/or project needs.

Municipal Court Improvement Project Fund - accounts for an additional \$5.00 per case levied by the Municipal Court Judge for court improvement needs.

**THE CITY OF URBANA, OHIO
 COMBINING BALANCE SHEET
 OTHER GOVERNMENTAL FUNDS
 DECEMBER 31, 2009**

	Airport Fund	State Highway Fund	Oak Dale Cemetery Fund	Police and Fire Pension Levy	Supplemental Investment	CDBG Program Income	FAA Airport Grant Fund
<u>ASSETS</u>							
Pooled Cash and Investments	\$ 81,203	\$ 780	\$ 14,079	\$ 55,367	\$ 387,508	\$ 53,752	\$ 17,673
Receivables:							
Income Tax	-	-	-	-	-	-	-
Property Tax	-	-	-	112,004	-	-	-
Accounts	-	-	23,070	-	-	-	-
Notes	-	-	-	-	-	33,878	-
Due From Other Governments	-	21,341	-	6,814	-	-	-
Inventory	10,611	-	-	-	-	-	-
Prepaid Assets	-	-	2,009	-	-	-	-
Total Assets	<u>\$ 91,814</u>	<u>\$ 22,121</u>	<u>\$ 39,158</u>	<u>\$ 174,185</u>	<u>\$ 387,508</u>	<u>\$ 87,630</u>	<u>\$ 17,673</u>
<u>LIABILITIES</u>							
Accounts Payable	\$ 6,272	\$ -	\$ 4,450	\$ -	\$ -	\$ 423	\$ 660
Retainage Payable	-	-	-	-	-	-	-
Accrued Wages and Benefits	-	-	1,858	-	-	-	-
Due To Other Governments	-	-	5,751	-	-	-	-
Deferred Revenue	-	14,227	22,520	118,818	-	-	-
Advances From Other Funds	-	-	-	-	-	-	-
Due To Other Funds	-	-	-	-	-	-	-
Total Liabilities	<u>6,272</u>	<u>14,227</u>	<u>34,579</u>	<u>118,818</u>	<u>-</u>	<u>423</u>	<u>660</u>
<u>FUND BALANCE</u>							
Reserved for:							
Inventory	10,611	-	-	-	-	-	-
Encumbrances	476	-	3,002	-	-	-	-
Notes	-	-	-	-	-	33,878	-
Prepays	-	-	2,009	-	-	-	-
Perpetual Care	-	-	-	-	-	-	-
Unreserved, reported in:							
Special Revenue Funds	74,455	7,894	(432)	55,367	387,508	53,329	17,013
Permanent Funds	-	-	-	-	-	-	-
Capital Project Fund	-	-	-	-	-	-	-
Total Fund Balance	<u>85,542</u>	<u>7,894</u>	<u>4,579</u>	<u>55,367</u>	<u>387,508</u>	<u>87,207</u>	<u>17,013</u>
Total Liabilities and Fund Balance	<u>\$ 91,814</u>	<u>\$ 22,121</u>	<u>\$ 39,158</u>	<u>\$ 174,185</u>	<u>\$ 387,508</u>	<u>\$ 87,630</u>	<u>\$ 17,673</u>

Dugan Run Improvement	FY08 CDBG	Ohio Hi-Point Career	FY07 CHIP Grant	FY09 CHIP Grant	Law Enforcement Fund	Mandatory Drug Fine	Indigent Alcohol
\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 17,436	\$ 11,817	\$ 8,575
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	494	-	269
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 17,930</u>	<u>\$ 11,817</u>	<u>\$ 8,844</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 720	\$ -	\$ -
18,602	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1	-	-	-	-	-	-	-
<u>18,603</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>720</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	1,000	17,210	11,817	8,844
-	-	-	-	-	-	-	-
<u>(18,603)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>17,210</u>	<u>11,817</u>	<u>8,844</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 17,930</u>	<u>\$ 11,817</u>	<u>\$ 8,844</u>

(Continued)

**THE CITY OF URBANA, OHIO
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
DECEMBER 31, 2009**

	Probation Office Grants	Victim Assistance Grant	FEMA Grant	Neighborhood Stabilization	Capital Police & Fire Fund	Municipal Court Improvement	Cemetery Trust Income
<u>ASSETS</u>							
Pooled Cash and Investments	\$ 87,286	\$ -	\$ -	\$ -	\$ 70,655	\$ 161,914	\$ 27,774
Receivables:							
Income Tax	-	-	-	-	69,793	-	-
Property Tax	-	-	-	-	-	-	-
Accounts	3,930	-	-	-	-	10,627	-
Notes	-	-	-	-	-	-	-
Due From Other Governments	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-
Prepaid Assets	-	-	-	-	-	-	-
Total Assets	<u>\$ 91,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,448</u>	<u>\$ 172,541</u>	<u>\$ 27,774</u>
<u>LIABILITIES</u>							
Accounts Payable	\$ 2,172	\$ -	\$ -	\$ -	\$ 2,292	\$ -	\$ -
Retainage Payable	-	-	-	-	-	-	-
Accrued Wages and Benefits	2,625	688	-	-	-	1,386	-
Due To Other Governments	2,045	3,646	-	-	-	2,631	-
Deferred Revenue	-	-	-	-	26,082	-	-
Advances From Other Funds	-	-	-	-	-	-	-
		4,485	-	-	-	-	-
Total Liabilities	<u>6,842</u>	<u>8,819</u>	<u>-</u>	<u>-</u>	<u>28,374</u>	<u>4,017</u>	<u>-</u>
<u>FUND BALANCE</u>							
Reserved for:							
Inventory	-	-	-	-	-	-	-
Encumbrances	370	-	-	-	1,951	-	-
Notes	-	-	-	-	-	-	-
Prepays	-	-	-	-	-	-	-
Perpetual Care	-	-	-	-	-	-	-
Unreserved, reported in:							
Special Revenue Funds	84,004	(8,819)	-	-	-	-	-
Permanent Funds	-	-	-	-	-	-	27,774
Capital Project Fund	-	-	-	-	110,123	168,524	-
Total Fund Balance	<u>84,374</u>	<u>(8,819)</u>	<u>-</u>	<u>-</u>	<u>112,074</u>	<u>168,524</u>	<u>27,774</u>
Total Liabilities and Fund Balance	<u>\$ 91,216</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,448</u>	<u>\$ 172,541</u>	<u>\$ 27,774</u>

Fire Donation Trust	Fire Safety Council	Police Trust	City Beautification Trust	Masoleum Trust	Cemetery Perpetual Trust	Totals
\$ 35,522	\$ -	\$ 7,167	\$ 5,268	\$ 7,017	\$ 88,382	\$1,140,175
-	-	-	-	-	-	69,793
-	-	-	-	-	-	112,004
-	-	-	-	-	-	38,390
-	-	-	-	-	-	33,878
-	-	-	-	-	-	28,155
-	-	-	-	-	-	10,611
-	-	-	-	-	-	2,009
<u>\$ 35,522</u>	<u>\$ -</u>	<u>\$ 7,167</u>	<u>\$ 5,268</u>	<u>\$ 7,017</u>	<u>\$ 88,382</u>	<u>\$1,435,015</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,989
-	-	-	-	-	-	18,602
-	-	-	-	-	-	6,557
-	-	-	-	-	-	14,073
-	-	-	-	-	-	181,647
-	-	-	-	285,000	-	285,000
-	276	-	-	-	-	4,762
-	<u>276</u>	-	-	<u>285,000</u>	-	<u>527,630</u>
-	-	-	-	-	-	10,611
-	-	-	1,882	-	-	7,681
-	-	-	-	-	-	33,878
-	-	-	-	-	-	2,009
-	-	-	-	-	88,382	88,382
35,522	(276)	7,167	3,386	(277,983)	-	477,006
-	-	-	-	-	-	27,774
-	-	-	-	-	-	260,044
<u>35,522</u>	<u>(276)</u>	<u>7,167</u>	<u>5,268</u>	<u>(277,983)</u>	<u>88,382</u>	<u>907,385</u>
<u>\$ 35,522</u>	<u>\$ -</u>	<u>\$ 7,167</u>	<u>\$ 5,268</u>	<u>\$ 7,017</u>	<u>\$ 88,382</u>	<u>\$1,435,015</u>

THE CITY OF URBANA, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	Airport Fund	State Highway Fund	Oak Dale Cemetery Fund	Police and Fire Pension Levy	Supplemental Investment	CDBG Program Income	FAA Airport Grant Fund
<u>REVENUES</u>							
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	100,865	-	-	-
Intergovernmental	-	40,870	-	38,714	-	-	60,962
Charges for Services	139,867	-	91,424	-	-	-	-
Fines, Licenses, and Permits	-	-	-	-	-	-	-
Interest	-	-	-	-	-	586	-
Miscellaneous	97,901	-	3,804	-	-	1,027	-
Total Revenues	<u>237,768</u>	<u>40,870</u>	<u>95,228</u>	<u>139,579</u>	<u>-</u>	<u>1,613</u>	<u>60,962</u>
<u>EXPENDITURES</u>							
Current:							
Public Safety	-	-	-	108,000	-	-	-
Health	-	-	187,086	-	-	-	-
Community Development	-	-	-	-	-	2,739	-
Transportation	214,209	47,043	-	-	-	-	660
General Government	-	-	-	2,597	-	-	-
Capital Outlay	-	-	-	-	-	-	62,221
Debt service:							
Principal Retirement	-	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-	-
Total Expenditures	<u>214,209</u>	<u>47,043</u>	<u>187,086</u>	<u>110,597</u>	<u>-</u>	<u>2,739</u>	<u>62,881</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	23,559	(6,173)	(91,858)	28,982	-	(1,126)	(1,919)
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers In	-	-	105,000	-	-	-	-
Total Other Financing Source (Uses)	<u>-</u>	<u>-</u>	<u>105,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	23,559	(6,173)	13,142	28,982	-	(1,126)	(1,919)
Fund Balance at Beginning of Year	61,983	14,067	(8,563)	26,385	387,508	88,333	18,932
Fund Balance at End of Year	<u>\$ 85,542</u>	<u>\$ 7,894</u>	<u>\$ 4,579</u>	<u>\$ 55,367</u>	<u>\$ 387,508</u>	<u>\$ 87,207</u>	<u>\$ 17,013</u>

Dugan Run Improvement	ODNR Natureworks Grant	Ohio Hi-Point Career	FY07 CHIP Grant	FY09 CHIP Grant	Law Enforcement Fund	Mandatory Drug Fine	Indigent Alcohol
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
320,145	46,494	99,000	333,399	15,500	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	6,124	978	13,584
-	-	-	-	-	-	-	-
-	-	-	11,979	-	-	-	-
<u>320,145</u>	<u>46,494</u>	<u>99,000</u>	<u>345,378</u>	<u>15,500</u>	<u>6,124</u>	<u>978</u>	<u>13,584</u>
-	-	-	-	-	8,557	-	13,500
-	-	-	-	-	-	-	-
-	-	-	345,378	14,500	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
338,748	46,494	99,000	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>338,748</u>	<u>46,494</u>	<u>99,000</u>	<u>345,378</u>	<u>14,500</u>	<u>8,557</u>	<u>-</u>	<u>13,500</u>
(18,603)	-	-	-	1,000	(2,433)	978	84
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(18,603)	-	-	-	1,000	(2,433)	978	84
-	-	-	-	-	19,643	10,839	8,760
<u>\$ (18,603)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 17,210</u>	<u>\$ 11,817</u>	<u>\$ 8,844</u>

(Continued)

THE CITY OF URBANA, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	Probation Office Grants	Victim Assistance Grant	Neighborhood Stabilization	FEMA Grant	Capital Police & Fire Fund	Municipal Court Improvement	Cemetery Trust Income
<u>REVENUES</u>							
Income Taxes	\$ -	\$ -	\$ -	\$ -	\$ 337,748	\$ -	\$ -
Property taxes	-	-	-	-	-	-	-
Intergovernmental	52,626	15,510	2,500	88,261	-	-	-
Charges for Services	-	-	-	-	-	-	-
Fines, Licenses, and Permits	78,173	-	-	-	-	144,129	-
Interest	-	-	-	-	-	943	2,846
Miscellaneous	-	-	-	-	45,190	-	-
Total Revenues	<u>130,799</u>	<u>15,510</u>	<u>2,500</u>	<u>88,261</u>	<u>382,938</u>	<u>145,072</u>	<u>2,846</u>
<u>EXPENDITURES</u>							
Current:							
Public Safety	147,004	22,980	-	-	-	-	-
Health	-	-	-	-	-	-	3,164
Community Development	-	-	2,500	-	-	-	-
Transportation	-	-	-	-	-	-	-
General Government	-	-	-	88,261	-	55,779	-
Capital Outlay	-	-	-	-	70,943	22,326	-
Debt service:							
Principal Retirement	-	-	-	-	229,900	45,100	-
Interest and Fiscal Charges	-	-	-	-	84,051	5,187	-
Total Expenditures	<u>147,004</u>	<u>22,980</u>	<u>2,500</u>	<u>88,261</u>	<u>384,894</u>	<u>128,392</u>	<u>3,164</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,205)	(7,470)	-	-	(1,956)	16,680	(318)
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers In	-	-	-	-	-	-	-
Total Other Financing Source (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures and Other Financing Uses	(16,205)	(7,470)	-	-	(1,956)	16,680	(318)
Fund Balance at Beginning of Year	100,579	(1,349)	-	-	114,030	151,844	28,092
Fund Balance at End of Year	<u>\$ 84,374</u>	<u>\$ (8,819)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,074</u>	<u>\$ 168,524</u>	<u>\$ 27,774</u>

Fire Donation Trust	Fire Safety Council	Police Trust	City Beautification Trust	Masoleum Trust	Cemetery Perpetual Trust	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 337,748
-	-	-	-	-	-	100,865
-	-	-	-	-	-	1,113,981
-	-	-	-	10,714	-	242,005
-	-	-	-	-	-	242,988
-	-	-	-	-	-	4,375
17,017	10	160	450	-	1,000	178,538
<u>17,017</u>	<u>10</u>	<u>160</u>	<u>450</u>	<u>10,714</u>	<u>1,000</u>	<u>2,220,500</u>
7,200	468	-	-	-	-	307,709
-	-	-	-	-	-	190,250
-	-	-	-	-	-	365,117
-	-	-	-	-	-	261,912
-	-	-	3,353	-	-	149,990
-	-	-	-	-	-	639,732
-	-	-	-	100,000	-	375,000
-	-	-	-	13,388	-	102,626
<u>7,200</u>	<u>468</u>	<u>-</u>	<u>3,353</u>	<u>113,388</u>	<u>-</u>	<u>2,392,336</u>
9,817	(458)	160	(2,903)	(102,674)	1,000	(171,836)
-	-	-	-	-	-	105,000
-	-	-	-	-	-	105,000
9,817	(458)	160	(2,903)	(102,674)	1,000	(66,836)
25,705	182	7,007	8,171	(175,309)	87,382	974,221
<u>\$ 35,522</u>	<u>\$ (276)</u>	<u>\$ 7,167</u>	<u>\$ 5,268</u>	<u>\$ (277,983)</u>	<u>\$ 88,382</u>	<u>\$ 907,385</u>

CITY OF URBANA, OHIO
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – BUDGETARY (NON-GAAP) BASIS
NONMAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	Final Budget	Actual	Variance Over/(Under)
Airport Fund			
<u>Revenues:</u>			
Charges for Services	\$ 130,000	\$ 139,867	\$ 9,867
Miscellaneous	91,300	97,901	6,601
Total Revenues	221,300	237,768	16,468
<u>Expenditures:</u>			
Transportation			
Personal Services	18,532	18,532	-
Supplies, Materials and Other	199,033	166,436	32,597
Total Expenditures	217,565	184,968	32,597
Excess of Revenues Over/(Under) Expenditures	3,735	52,800	49,065
Fund Balance - January 1	27,372	27,372	-
Prior Year Encumbrances Appropriated	515	515	-
Fund Balance - December 31	<u>\$ 31,622</u>	<u>\$ 80,687</u>	<u>\$ 49,065</u>
State Highway Fund			
<u>Revenues:</u>			
Intergovernmental	\$ 45,500	\$ 40,467	\$ (5,033)
Total Revenues	45,500	40,467	(5,033)
<u>Expenditures:</u>			
Transportation			
Supplies, Materials and Other	50,000	47,043	2,957
Total Expenditures	50,000	47,043	2,957
Excess of Revenues Over/(Under) Expenditures	(4,500)	(6,576)	(2,076)
Fund Balance - January 1	7,356	7,356	-
Fund Balance - December 31	<u>\$ 2,856</u>	<u>\$ 780</u>	<u>\$ (2,076)</u>

CITY OF URBANA, OHIO
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – BUDGETARY (NON-GAAP) BASIS
NONMAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	Final Budget	Actual	Variance Over/(Under)
Oak Dale Cemetery			
<u>Revenues:</u>			
Charges for Services	\$ 93,500	\$ 90,874	\$ (2,626)
Miscellaneous	3,500	3,805	305
Total Revenues	97,000	94,679	(2,321)
<u>Expenditures:</u>			
Health			
Personal Services	125,515	120,407	5,108
Supplies, Materials and Other	68,787	70,637	(1,850)
Total Expenditures	194,302	191,044	3,258
Excess of Revenues Over/(Under) Expenditures	(97,302)	(96,365)	937
<u>Other Financing Sources:</u>			
Operating Transfers In	96,000	105,000	9,000
Total Other Financing Uses	96,000	105,000	9,000
Excess of Revenues Over/(Under) Expenditures Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(1,302)	8,635	9,937
Fund Balance - January 1	(420)	(420)	-
Prior Year Encumbrances Appropriated	2,582	2,582	-
Fund Balance - December 31	\$ 860	\$ 10,797	\$ 9,937
Police and Fire Pension Levy Fund			
<u>Revenues:</u>			
Property Taxes	\$ 111,142	\$ 100,865	\$ (10,277)
Intergovernmental	28,378	38,714	10,336
Total Revenues	139,520	139,579	59
<u>Expenditures:</u>			
Public Safety			
Supplies, Materials and Other	125,000	110,597	14,403
Total Expenditures	125,000	110,597	14,403
Excess of Revenues Over/(Under) Expenditures	14,520	28,982	14,462
Fund Balance - January 1	26,385	26,385	-
Fund Balance - December 31	\$ 40,905	\$ 55,367	\$ 14,462

CITY OF URBANA, OHIO
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – BUDGETARY (NON-GAAP) BASIS
NONMAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	Final Budget	Actual	Variance Over/(Under)
Supplemental Investment			
<u>Revenues:</u>			
Interest	\$ 11,000	\$ -	\$ (11,000)
Total Revenues	11,000	-	(11,000)
<u>Expenditures:</u>			
General Government			
Supplies, Materials and Other	150,000	-	150,000
Total Expenditures	150,000	-	150,000
Excess of Revenues Over/(Under) Expenditures	(139,000)	-	139,000
Fund Balance - January 1	387,508	387,508	-
Fund Balance - December 31	<u>\$ 248,508</u>	<u>\$ 387,508</u>	<u>\$ 139,000</u>
CDBG Program Income			
<u>Revenues:</u>			
Interest	\$ 1,000	\$ 586	\$ (414)
Miscellaneous	6,000	6,834	834
Total Revenues	7,000	7,420	420
<u>Expenditures:</u>			
Community Environment			
Supplies, Materials and Other	23,206	2,731	20,475
Total Expenditures	23,206	2,731	20,475
Excess of Revenues Over/(Under) Expenditures	(16,206)	4,689	20,895
Fund Balance - January 1	37,210	37,210	-
Prior Year Encumbrances Appropriated	8,206	8,206	-
Fund Balance - December 31	<u>\$ 29,210</u>	<u>\$ 50,105</u>	<u>\$ 20,895</u>

CITY OF URBANA, OHIO
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – BUDGETARY (NON-GAAP) BASIS
NONMAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	Final Budget	Actual	Variance Over/(Under)
Cemetery Trust Income Fund			
<u>Revenues:</u>			
Interest	\$ 3,250	\$ 10,220	\$ 6,970
Total Revenues	<u>3,250</u>	<u>10,220</u>	<u>6,970</u>
<u>Expenditures:</u>			
General Government			
Supplies, Materials and Other	4,000	3,163	837
Total Expenditures	<u>4,000</u>	<u>3,163</u>	<u>837</u>
Excess of Revenues Over/(Under) Expenditures	(750)	7,057	7,807
Fund Balance - January 1	20,718	20,718	-
Fund Balance - December 31	<u>\$ 19,968</u>	<u>\$ 27,775</u>	<u>\$ 7,807</u>
Fire Donation Trust			
<u>Revenues:</u>			
Miscellaneous	\$ 1,000	\$ 17,018	\$ 16,018
Total Revenues	<u>1,000</u>	<u>17,018</u>	<u>16,018</u>
<u>Expenditures:</u>			
Public Safety			
Supplies, Materials and Other	10,000	6,845	3,155
Total Expenditures	<u>10,000</u>	<u>6,845</u>	<u>3,155</u>
Excess of Revenues Over/(Under) Expenditures	(9,000)	10,173	19,173
Fund Balance - January 1	27,038	27,038	-
Prior Year Encumbrances Appropriated	(1,110)	(1,110)	-
Fund Balance - December 31	<u>\$ 16,928</u>	<u>\$ 36,101</u>	<u>\$ 19,173</u>

CITY OF URBANA, OHIO
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – BUDGETARY (NON-GAAP) BASIS
NONMAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	Final Budget	Actual	Variance Over/(Under)
Fire Safety Council			
<u>Revenues:</u>			
Miscellaneous	\$ 500	\$ 10	\$ (490)
Total Revenues	500	10	(490)
<u>Expenditures:</u>			
Public Safety			
Supplies, Materials and Other	500	468	32
Total Expenditures	500	468	32
Excess of Revenues Over/(Under) Expenditures	-	(458)	(458)
Fund Balance - January 1	182	182	-
Fund Balance - December 31	<u>\$ 182</u>	<u>\$ (276)</u>	<u>\$ (458)</u>
Police Donation Fund			
<u>Revenues:</u>			
Miscellaneous	\$ 300	\$ 160	\$ (140)
Total Revenues	300	160	(140)
<u>Expenditures:</u>			
Public Safety			
Supplies, Materials and Other	1,500	-	1,500
Total Expenditures	1,500	-	1,500
Excess of Revenues Over/(Under) Expenditures	(1,200)	160	1,360
Fund Balance - January 1	7,007	7,007	-
Fund Balance - December 31	<u>\$ 5,807</u>	<u>\$ 7,167</u>	<u>\$ 1,360</u>

CITY OF URBANA, OHIO
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – BUDGETARY (NON-GAAP) BASIS
NONMAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	Final Budget	Actual	Variance Over/(Under)
City Beautification			
<u>Revenues:</u>			
Miscellaneous	\$ 500	\$ 450	\$ (50)
Total Revenues	500	450	(50)
<u>Expenditures:</u>			
General Government			
Supplies, Materials and Other	8,500	5,235	3,265
Total Expenditures	8,500	5,235	3,265
Excess of Revenues Over/(Under) Expenditures	(8,000)	(4,785)	3,215
Fund Balance - January 1	8,171	8,171	-
Fund Balance - December 31	\$ 171	\$ 3,386	\$ 3,215

CITY OF URBANA, OHIO
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – BUDGETARY (NON-GAAP) BASIS
NONMAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Capital Improvements			
<u>Revenues:</u>			
Income Taxes	\$ 950,000	\$ 849,654	\$ (100,346)
Intergovernmental	50,000	-	(50,000)
Miscellaneous	149,483	292,029	142,546
Reimbursements	40,000	40,011	11
Total Revenues	<u>1,189,483</u>	<u>1,181,694</u>	<u>(7,789)</u>
<u>Expenditures:</u>			
Public Safety			
Supplies, Materials and Other	25,000	27,204	(2,204)
Transportation			
Supplies, Materials and Other	153,662	233,683	(80,021)
General Government			
Supplies, Materials and Other	280,500	302,451	(21,951)
Capital Outlay			
Supplies, Materials and Other	590,278	606,019	(15,741)
Debt Service-Principal			
Supplies, Materials and Other	78,822	604,635	(525,813)
Debt Service-Interest			
Supplies, Materials and Other	23,178	36,176	(12,998)
Total Expenditures	<u>1,151,440</u>	<u>1,810,168</u>	<u>(658,728)</u>
Excess of Revenues Over/(Under) Expenditures	38,043	(628,474)	(666,517)
<u>Other Financing Sources:</u>			
Sale of Notes	-	435,000	435,000
Total Other Financing Sources	<u>-</u>	<u>435,000</u>	<u>435,000</u>
Excess of Revenues Over/(Under) Expenditures			
Other Financing Sources Over/(Under)			
Expenditures and Other Financing Uses	<u>38,043</u>	<u>(193,474)</u>	<u>(231,517)</u>
Fund Balance - January 1	424,441	424,441	-
Prior Year Encumbrances Appropriated	65,940	65,940	-
Fund Balance - December 31	<u>\$ 528,424</u>	<u>\$ 296,907</u>	<u>\$ (231,517)</u>

CITY OF URBANA, OHIO
SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – BUDGETARY (NON-GAAP) BASIS
NONMAJOR SPECIAL REVENUE FUNDS AND CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/(Under)</u>
Capital Police and Fire			
<u>Revenues:</u>			
Income Taxes	\$ 375,000	\$ 339,862	\$ (35,138)
Miscellaneous	-	45,191	45,191
Total Revenues	<u>375,000</u>	<u>385,053</u>	<u>10,053</u>
<u>Expenditures:</u>			
Capital Outlay			
Supplies, Materials and Other	82,115	72,802	9,313
Debt Service-Principal			
Supplies, Materials and Other	229,930	229,900	30
Debt Service-Interest			
Supplies, Materials and Other	<u>84,055</u>	<u>84,051</u>	<u>4</u>
Total Expenditures	<u>396,100</u>	<u>386,753</u>	<u>9,347</u>
Excess of Revenues Over/(Under) Expenditures	(21,100)	(1,700)	19,400
Fund Balance - January 1	<u>68,205</u>	<u>68,205</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 47,105</u>	<u>\$ 66,505</u>	<u>\$ 19,400</u>

CITY OF URBANA

**STATEMENT IN CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2009**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Assets				
Restricted Cash	\$ 196,185	\$ 2,767,443	\$ (2,807,636)	\$ 155,992
Total Assets	<u>\$ 196,185</u>	<u>\$ 2,767,443</u>	<u>\$ (2,807,636)</u>	<u>\$ 155,992</u>
Liabilities				
Payable from Restricted Assets	\$ 196,185	\$ 2,767,443	\$ (2,807,636)	\$ 155,992
Total Liabilities	<u>\$ 196,185</u>	<u>\$ 2,767,443</u>	<u>\$ (2,807,636)</u>	<u>\$ 155,992</u>

III. STATISTICAL SECTION

Statistical Section

This part of City of Urbana's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial position has changed over time.

Revenue Capacity

These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue source(s), the income tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Economic and Demographic Information

These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the financial statements for the relevant year.

**CITY OF URBANA, OHIO
NET ASSETS BY CATEGORY
LAST NINE FISCAL YEARS**

	<u>Year Ended December 31,</u>								
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Governmental activities									
@ Invested in capital assets, net of related debt	\$ 17,660,490	\$ 15,400,962	\$ 14,672,549	\$ 18,167,776	\$ 17,793,096	\$ 17,636,470	\$ 17,729,581	\$ 18,887,291	\$ 20,316,026
Restricted for:									
Other purposes	1,268,000	1,587,371	1,696,395	1,544,262	1,239,627	1,788,155	1,564,394	2,115,630	1,604,680
Unrestricted	<u>1,813,647</u>	<u>3,713,957</u>	<u>3,883,237</u>	<u>(242,096)</u>	<u>608,441</u>	<u>942,374</u>	<u>1,806,841</u>	<u>1,578,909</u>	<u>1,495,408</u>
Total governmental activities net assets	<u>20,742,137</u>	<u>20,702,290</u>	<u>20,252,181</u>	<u>19,469,942</u>	<u>19,641,164</u>	<u>20,366,999</u>	<u>21,100,816</u>	<u>22,581,830</u>	<u>23,416,114</u>
Business-type activities									
Invested in capital assets, net of related debt	(942,728)	(1,957,660)	(1,885,783)	(650,358)	106,522	1,596,920	2,566,523	3,108,046	3,060,380
Unrestricted	<u>1,099,582</u>	<u>1,540,028</u>	<u>1,904,203</u>	<u>1,249,904</u>	<u>1,582,930</u>	<u>1,452,863</u>	<u>725,726</u>	<u>568,573</u>	<u>966,132</u>
Total business-type activities net assets	<u>156,854</u>	<u>(417,632)</u>	<u>18,420</u>	<u>599,546</u>	<u>1,689,452</u>	<u>3,049,783</u>	<u>3,292,249</u>	<u>3,676,619</u>	<u>4,026,512</u>
Total									
Invested in capital assets, net of related debt	16,717,762	13,443,302	12,786,766	17,517,418	17,899,618	19,233,390	20,296,104	21,995,337	23,376,406
Restricted for:									
Other purposes	1,268,000	1,587,371	1,696,395	1,544,262	1,239,627	1,788,155	1,564,394	2,115,630	1,604,680
Unrestricted	<u>2,913,229</u>	<u>5,253,985</u>	<u>5,787,440</u>	<u>1,007,808</u>	<u>2,191,371</u>	<u>2,395,237</u>	<u>2,532,567</u>	<u>2,147,482</u>	<u>2,461,540</u>
Total net assets	<u>\$ 20,898,991</u>	<u>\$ 20,284,658</u>	<u>\$ 20,270,601</u>	<u>\$ 20,069,488</u>	<u>\$ 21,330,616</u>	<u>\$ 23,416,782</u>	<u>\$ 24,393,065</u>	<u>\$ 26,258,449</u>	<u>\$ 27,442,626</u>

Note: Accounting standards require that the net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted when (1) an external party, such as the state or federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the City. @ - The amount reported as Invested in capital assets, net of related debt for 2001-2006 has been adjusted to reflect an estimate on the retro activity reporting of infrastructure assets.

**CITY OF URBANA, OHIO
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS**

Year Ended December 31,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Expenses									
Governmental activities:									
General government	\$ 1,794,545	\$ 1,701,976	\$ 1,512,995	\$ 1,603,012	\$ 1,989,062	\$ 1,910,616	\$ 2,162,193	\$ 2,192,531	\$ 2,205,693
Public safety	4,228,483	4,132,561	4,443,104	4,885,236	4,685,320	4,736,665	4,893,924	5,171,351	5,187,549
Health	229,527	220,333	250,120	308,315	282,016	285,521	284,920	315,102	312,817
Transportation	1,240,739	1,076,096	1,696,649	1,582,314	1,859,946	1,460,453	2,020,500	2,056,696	2,102,715
Community Development	720,536	431,608	420,659	735,964	630,101	399,554	380,013	223,536	365,117
Leisure Time	348,031	337,793	288,206	481,627	332,706	346,571	426,136	436,038	450,070
Basic utility services	117,721	125,902	122,403	128,537	132,590	4,671	2,889	-	-
Interest on long-term debt	214,145	141,261	149,541	164,376	148,735	123,459	152,733	144,178	125,462
Total governmental activities expenses	<u>8,893,727</u>	<u>8,167,530</u>	<u>8,883,677</u>	<u>9,889,381</u>	<u>10,060,476</u>	<u>9,267,510</u>	<u>10,323,308</u>	<u>10,539,432</u>	<u>10,749,423</u>
Business-type activities:									
Water	759,073	1,185,834	1,004,984	1,284,327	1,100,217	1,123,681	1,290,607	1,249,550	1,463,974
Sewer	1,856,752	1,820,864	1,704,783	1,810,374	1,769,378	1,803,123	1,910,497	1,673,721	1,843,345
Other business-type activities	-	-	11,300	-	-	-	-	80,885	153,257
Total business-type activities expenses	<u>2,615,825</u>	<u>3,006,698</u>	<u>2,727,067</u>	<u>3,094,701</u>	<u>2,869,595</u>	<u>2,926,804</u>	<u>3,201,104</u>	<u>3,004,156</u>	<u>3,460,576</u>
Total Expenses	<u>11,509,552</u>	<u>11,174,228</u>	<u>11,604,744</u>	<u>12,984,082</u>	<u>12,930,071</u>	<u>12,194,314</u>	<u>13,524,412</u>	<u>13,543,588</u>	<u>14,209,999</u>
Program Revenues									
Governmental activities:									
Public safety	262,524	636,481	557,953	649,379	703,236	546,427	764,302	833,201	704,263
Health	113,503	80,340	97,850	113,678	106,449	87,706	99,968	118,744	97,673
Transportation	3,422,452	637,459	697,334	1,204,929	1,021,257	3,618,625	852,563	2,203,575	2,617,864
Community Development	326,886	423,339	364,660	394,362	569,360	554,154	253,382	166,181	351,399
Leisure Time	102,506	107,834	115,556	122,875	136,445	760,347	129,026	128,247	121,504
Basic utility	117,721	125,902	122,403	128,537	132,590	134,445	-	-	-
General government	345,933	93,181	641,906	637,435	639,149	743,821	913,666	1,063,102	1,107,976
Total governmental activities program revenues	<u>4,691,525</u>	<u>2,104,536</u>	<u>2,597,662</u>	<u>3,251,195</u>	<u>3,308,486</u>	<u>6,445,525</u>	<u>3,012,907</u>	<u>4,513,050</u>	<u>5,000,679</u>
Business-type activities:									
Water	944,234	1,171,719	1,185,088	1,609,209	1,518,672	2,231,675	1,617,211	1,548,522	1,781,514
Sewer	1,849,291	1,926,734	1,828,305	1,944,923	1,978,518	1,930,447	1,826,359	1,975,135	1,865,006
Other business-type activities	-	26,939	54,426	14,695	-	10	-	95,875	163,949
Total business-type activities program revenues	<u>2,793,525</u>	<u>3,125,392</u>	<u>3,067,819</u>	<u>3,568,827</u>	<u>3,497,190</u>	<u>4,162,132</u>	<u>3,443,570</u>	<u>3,619,532</u>	<u>3,810,469</u>
Net (Expense) Revenue ^(a)									
Governmental activities:									
General government	(1,448,612)	(1,608,795)	(871,089)	(965,577)	(1,349,913)	(1,166,795)	(1,248,527)	(1,129,429)	(1,097,717)
Public safety	(3,965,959)	(3,496,080)	(3,885,151)	(4,235,857)	(3,982,084)	(4,190,238)	(4,129,622)	(4,338,150)	(4,483,286)
Health	(116,024)	(139,993)	(152,270)	(194,637)	(175,567)	(197,815)	(184,952)	(196,358)	(215,144)
Transportation	2,181,713	(438,637)	(999,315)	(377,385)	(838,689)	2,158,172	(1,167,937)	146,879	515,149
Community Development	(393,650)	(8,269)	(55,999)	(341,602)	(60,741)	154,600	(126,631)	(57,355)	(13,718)
Leisure Time	(245,525)	(229,959)	(172,650)	(358,752)	(196,261)	413,776	(297,110)	(307,791)	(328,566)
Basic utility	-	-	-	-	-	129,774	(2,889)	-	-
Interest on long-term debt	(214,145)	(141,261)	(149,541)	(164,376)	(148,735)	(123,459)	(152,733)	(144,178)	(125,462)
Total governmental activities	<u>(4,202,202)</u>	<u>(6,062,994)</u>	<u>(6,286,015)</u>	<u>(6,638,186)</u>	<u>(6,751,990)</u>	<u>(2,821,985)</u>	<u>(7,310,401)</u>	<u>(6,026,382)</u>	<u>(5,748,744)</u>
Business-type activities:									
Water	185,161	(14,115)	180,104	324,882	418,455	1,107,994	326,604	298,972	317,540
Sewer	(7,461)	105,870	123,522	134,549	209,140	127,324	(84,138)	301,414	21,661
Other business-type activities	-	26,939	43,126	14,695	-	10	-	14,990	10,692
Total business-type activities	<u>177,700</u>	<u>118,694</u>	<u>346,752</u>	<u>474,126</u>	<u>627,595</u>	<u>1,235,328</u>	<u>242,466</u>	<u>615,376</u>	<u>349,893</u>
Total	<u>\$ (4,024,502)</u>	<u>\$ (5,944,300)</u>	<u>\$ (5,939,263)</u>	<u>\$ (6,164,060)</u>	<u>\$ (6,124,395)</u>	<u>\$ (1,586,657)</u>	<u>\$ (7,067,935)</u>	<u>\$ (5,411,006)</u>	<u>\$ (5,398,851)</u>

**CITY OF URBANA, OHIO
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS**

Schedule 2
(continued)

Year Ended December 31,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes									
Income taxes	\$ 4,048,812	\$ 4,053,078	\$ 4,044,104	\$ 4,247,561	\$ 4,828,748	\$ 5,020,970	\$ 5,854,508	\$ 5,275,958	\$ 4,645,885
Property taxes	563,089	471,537	520,599	707,875	667,221	700,282	677,878	565,912	588,171
Other taxes	212,439	124,684	467,531	331,484	281,614	182,794	168,306	147,948	173,465
Grants and contributions not restricted to specific programs	1,000,698	1,548,677	656,050	688,799	375,838	657,825	483,237	772,126	582,350
Investment earnings	272,826	97,684	221,279	124,123	150,166	261,228	324,908	232,352	130,997
(Loss) gain on sale/disposal of capital assets	-	-	-	-	-	-	-	(25,638)	-
Miscellaneous	111,261	298,349	259,417	89,179	78,605	119,123	535,381	304,738	462,160
Transfers	-	-	-	-	-	(205,134)	-	234,000	-
Total governmental activities	<u>6,209,125</u>	<u>6,594,009</u>	<u>6,168,980</u>	<u>6,189,021</u>	<u>6,382,192</u>	<u>6,737,088</u>	<u>8,044,218</u>	<u>7,507,396</u>	<u>6,583,028</u>
Business-type activities:									
Investment earnings	-	-	-	-	12,970	-	-	2,994	-
Transfers	-	-	-	-	-	205,134	-	(234,000)	-
Total business-type activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,970</u>	<u>205,134</u>	<u>-</u>	<u>(231,006)</u>	<u>-</u>
Total	<u>6,209,125</u>	<u>6,594,009</u>	<u>6,168,980</u>	<u>6,189,021</u>	<u>6,395,162</u>	<u>6,942,222</u>	<u>8,044,218</u>	<u>7,276,390</u>	<u>6,583,028</u>
Change in Net Assets									
Governmental activities	2,006,923	531,015	(117,035)	(449,165)	(369,798)	3,915,103	733,817	1,481,014	834,284
Business-type activities	177,700	118,694	346,752	474,126	640,565	1,440,462	242,466	384,370	349,893
Total	<u>\$ 2,184,623</u>	<u>\$ 649,709</u>	<u>\$ 229,717</u>	<u>\$ 24,961</u>	<u>\$ 270,767</u>	<u>\$ 5,355,565</u>	<u>\$ 976,283</u>	<u>\$ 1,865,384</u>	<u>\$ 1,184,177</u>

^(a) Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program is supported by its own fees and program-specific grants versus its reliance upon funding from taxes and other governmental revenues. Numbers in parentheses indicate that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program. Numbers without parentheses mean that program revenues were more than sufficient to cover expenses.

^(b)

**CITY OF URBANA, OHIO
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund										
Reserved for:										
Inventory	\$ 15,989	\$ 11,023	\$ 15,039	\$ 11,018	\$ 11,347	\$ 12,421	\$ 15,148	\$ 10,139	\$ 16,181	\$ 12,462
Encumbrances	80,150	98,853	43,181	28,120	28,120	-	29,348	30,153	-	23,869
Advances	-	-	-	-	-	-	-	75,000	331,460	426,460
Prepays	-	-	-	-	-	-	-	-	25,497	24,898
Unreserved	<u>757,788</u>	<u>647,686</u>	<u>515,096</u>	<u>562,504</u>	<u>739,006</u>	<u>726,775</u>	<u>789,313</u>	<u>1,176,620</u>	<u>672,704</u>	<u>283,655</u>
Total general fund	<u>\$ 853,927</u>	<u>\$ 757,562</u>	<u>\$ 573,316</u>	<u>\$ 601,642</u>	<u>\$ 778,473</u>	<u>\$ 739,196</u>	<u>\$ 833,809</u>	<u>\$ 1,291,912</u>	<u>\$ 1,045,842</u>	<u>\$ 771,344</u>
All Other Governmental Funds										
Reserved for:										
Inventory	\$ 40,685	\$ 38,691	\$ 45,249	\$ 38,006	\$ 44,759	\$ 51,428	\$ 47,893	\$ 55,853	\$ 104,206	\$ 56,439
Encumbrances	599,073	212,968	118,866	62,127	90,012	40,713	766,966	168,802	167,485	18,399
Notes	-	-	-	-	-	-	-	-	39,685	33,878
Prepays	-	-	-	-	-	-	-	-	6,218	6,586
Perpetual Care	-	-	-	-	-	-	-	-	-	88,382
Unreserved, reported in:										
Special revenue funds	1,265,757	823,358	999,180	1,230,571	1,166,015	921,201	509,475	1,180,548	1,036,777	857,180
Permenant Endowment	83,382	84,382	84,382	84,382	85,382	86,382	87,382	87,382	87,382	27,774
Capital projects funds	<u>1,803,576</u>	<u>1,963,473</u>	<u>2,369,147</u>	<u>2,295,427</u>	<u>1,681,473</u>	<u>1,810,595</u>	<u>2,461,673</u>	<u>2,130,874</u>	<u>2,307,131</u>	<u>1,426,098</u>
Total all other governmental funds	<u>\$ 3,792,473</u>	<u>\$ 3,122,872</u>	<u>\$ 3,616,824</u>	<u>\$ 3,710,513</u>	<u>\$ 3,067,641</u>	<u>\$ 2,910,319</u>	<u>\$ 3,873,389</u>	<u>\$ 3,623,459</u>	<u>\$ 3,748,884</u>	<u>\$ 2,514,736</u>
Total Governmental Funds	<u>\$ 4,646,400</u>	<u>\$ 3,880,434</u>	<u>\$ 4,190,140</u>	<u>\$ 4,312,155</u>	<u>\$ 3,846,114</u>	<u>\$ 3,649,515</u>	<u>\$ 4,707,198</u>	<u>\$ 4,915,371</u>	<u>\$ 4,794,726</u>	<u>\$ 3,286,080</u>

**CITY OF URBANA, OHIO
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
REVENUES:										
Income Tax	\$ 4,127,995	\$ 4,048,812	\$ 4,053,078	\$ 4,044,104	\$ 4,247,561	\$ 4,828,748	\$ 5,026,646	\$ 5,731,376	\$ 5,158,784	\$ 4,728,467
Property Tax	542,760	563,089	471,537	520,599	677,655	667,221	727,911	687,680	525,690	565,553
Intergovernmental	1,420,217	4,525,529	1,897,207	2,290,560	2,888,105	2,411,509	5,440,841	1,869,260	3,300,831	3,346,668
Charges for Services	482,635	418,819	611,794	541,713	690,212	825,913	934,029	980,915	980,717	1,036,179
Fees, Licenses, & Permits	535,660	677,946	742,169	706,361	715,000	720,490	808,675	873,477	957,818	940,046
Other	2,579,529	563,245	391,687	633,085	230,054	345,701	367,353	592,352	507,554	630,475
Total Revenues	<u>9,688,796</u>	<u>10,797,440</u>	<u>8,167,472</u>	<u>8,736,422</u>	<u>9,448,587</u>	<u>9,799,582</u>	<u>13,305,455</u>	<u>10,735,060</u>	<u>11,431,394</u>	<u>11,247,388</u>
EXPENDITURES:										
Current:										
General Government	1,513,914	1,263,511	1,295,634	1,282,542	1,370,497	1,635,713	1,504,648	1,434,654	1,986,332	1,894,952
Public Safety	3,981,491	4,109,908	3,971,066	4,260,049	4,382,113	4,525,036	4,653,317	4,795,579	4,913,657	4,963,361
Health	217,155	223,178	211,091	219,449	255,968	260,615	281,308	224,177	246,845	239,202
Leisure Time	314,165	299,809	287,733	239,977	267,674	294,473	307,520	351,727	344,490	346,525
Community Development	421,279	720,536	431,608	420,659	735,964	623,443	397,931	307,184	223,536	365,117
Basic Utility Services	102,454	117,721	125,902	122,403	128,537	132,590	134,445	159,623	-	-
Transportation	2,422,271	3,715,914	800,983	874,774	988,379	1,342,446	960,502	949,454	1,188,929	1,234,030
Capital Outlays	627,233	905,032	617,827	872,108	1,385,120	959,660	5,260,956	1,561,361	2,075,152	3,129,412
Debt Service:										
Principal	173,333	191,667	182,917	172,905	236,000	251,000	236,000	485,260	432,401	444,635
Interest	200,334	217,792	141,261	149,541	164,376	169,825	112,144	163,879	140,697	138,800
TOTAL	<u>9,973,629</u>	<u>11,765,068</u>	<u>8,066,022</u>	<u>8,614,407</u>	<u>9,914,628</u>	<u>10,194,801</u>	<u>13,848,771</u>	<u>10,432,898</u>	<u>11,552,039</u>	<u>12,756,034</u>
Excess (deficiency) of revenues over (under) expenditures	(284,833)	(967,628)	101,450	122,015	(466,041)	(395,219)	(543,316)	302,162	(120,645)	(1,508,646)
OTHER FINANCING SOURCES (USES):										
Transfers in	498,100	438,900	800,525	521,037	514,400	230,000	280,000	345,000	300,000	293,870
Net Proceeds from issuance of bonds	160,000	-	-	-	-	68,994	1,601,000	-	-	-
Other Uses	-	-	-	-	-	-	-	(93,989)	-	-
Transfers out	(498,100)	(438,900)	(800,525)	(521,037)	(514,400)	(230,000)	(280,000)	(345,000)	(300,000)	(293,870)
Total other financing sources (uses)	<u>160,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,994</u>	<u>1,601,000</u>	<u>(93,989)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	\$ (124,833)	\$ (967,628)	\$ 101,450	\$ 122,015	\$ (466,041)	\$ (326,225)	\$ 1,057,684	\$ 208,173	\$ (120,645)	\$ (1,508,646)
Debt service as a percentage of noncapital expenditures	4.2%	3.9%	4.6%	4.3%	4.9%	4.8%	4.2%	7.9%	6.4%	6.5%

CITY OF URBANA, OHIO
INCOME TAX BY PAYER TYPE AND INCOME TAX RATE
LAST TEN FISCAL YEARS (cash basis of accounting -- excluding refunds)

Year	Individuals		Net Profits	Total	Percent Change	Income Tax Rate
	Withheld by Employer	Paid by Taxpayer				
2009	\$ 3,643,848	\$ 367,041	\$ 887,949	\$ 4,898,838	-9.8%	1.40%
2008	\$ 3,940,824	\$ 417,010	\$ 1,075,379	\$ 5,433,213	-6.2%	1.40%
2007	\$ 4,002,820	\$ 407,940	\$ 1,380,079	\$ 5,790,839	13.6%	1.40%
2006	\$ 3,925,324	\$ 391,524	\$ 782,762	\$ 5,099,610	5.2%	1.40%
2005	\$ 3,732,831	\$ 459,105	\$ 655,515	\$ 4,847,451	10.5%	1.40%
2004	\$ 3,558,448	\$ 347,712	\$ 480,731	\$ 4,386,891	6.7%	1.40%
2003	\$ 3,452,078	\$ 317,680	\$ 340,670	\$ 4,110,428	5.2%	1.40%
2002	\$ 3,299,851	\$ 359,982	\$ 246,004	\$ 3,905,837	-1.1%	1.40%
2001	\$ 3,185,804	\$ 434,032	\$ 328,279	\$ 3,948,115	-4.8%	1.40%
2000	\$ 3,201,927	\$ 340,615	\$ 603,103	\$ 4,145,645	3.4%	1.40%

Source: City of Urbana, Ohio, Income Tax Department

This City levies a 1.4% income tax on all wages, salaries, commissions and other compensation paid by employers and the net profits from a business or professional person earned within the City, excluding income from intangible personal property. In addition, City residents pay City income tax on income earned outside the City, net of a credit for income taxes paid to other municipalities. Employers within the City withhold income tax on employee compensation and remit at least quarterly.

CITY OF URBANA, OHIO
RANKING OF TOP TEN INCOME TAX WITHHOLDERS
CURRENT YEAR AND TEN YEARS AGO (cash basis of accounting)

<u>2009</u>	
<u>Rank</u>	<u>Name</u>
1	Fl Aerospace/Honeywell
2	Rittal
3	Urbana Board of Education
4	Mercy Health Systems
5	Menasha Corp
6	Johnson Welding
7	Champaign County, Ohio
8	Honda of America Manufacturing, Inc.
9	Siemens-Allis
10	Urbana University
Combined percentage of Total income taxes 37.3%	

<u>2000</u>	
<u>Rank</u>	<u>Name</u>
1	Fl Aerospace/Honeywell
2	Siemens-Allis
3	Honda of America Manufacturing, Inc.
4	Menasha Corp
5	Urbana Board of Education
6	Howard Paper Mills
7	Champaign County, Ohio
8	Mercy Health Systems
9	Johnson Welding
10	Urbana University
Combined percentage of Total income taxes 50.37%	

Source: City of Urbana, Ohio, Income Tax Department

Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholdings by taxpayer. The City chose not to disclose percentages and number of filers by income level because the City does not require all taxpayers to file a return, therefore it does not have, nor can it obtain, this type of information.

CITY OF URBANA, OHIO
RATIOS OF OUTSTANDING DEBT AND LEGAL DEBT MARGINS
LAST TEN YEARS

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Obligation Bonds	\$ 9,579,527	\$ 9,415,512	\$ 9,135,999	\$ 7,594,778	\$ 7,057,802	\$ 7,285,223	\$ 8,261,477	\$ 6,769,654	\$ 14,650,571	\$ 14,726,765
Assessed value of taxable property ^(a)	\$ 191,150,506	\$ 197,842,239	\$ 199,086,696	\$ 202,384,025	\$ 212,655,910	\$ 215,704,137	\$ 216,076,164	\$ 217,803,706	\$ 203,863,869	\$ 193,772,340
General Obligation Bonds as percent of total assessed value of taxable property	5.01%	4.76%	4.59%	3.75%	3.32%	3.38%	3.82%	3.11%	7.19%	7.60%
Population ^(b)	11,613	11,613	11,613	11,613	11,613	11,613	11,613	11,613	11,613	11,613
General Obligation Bonds Per capita	\$ 825	\$ 811	\$ 787	\$ 654	\$ 608	\$ 627	\$ 711	\$ 583	\$ 1,262	\$ 1,268
Less debt not subject to limitations										
Self-supporting securities issued for water systems or facilities	\$ (1,925,000)	\$ (2,441,000)	\$ (2,570,966)	\$ (1,549,652)	\$ (1,513,338)	\$ (2,127,024)	\$ (2,044,509)	\$ (1,865,828)	\$ (7,300,150)	\$ (7,513,906)
Self-supporting securities issued for sanitary sewer systems or facilities	\$ (3,999,527)	\$ (3,560,512)	\$ (3,372,033)	\$ (3,078,126)	\$ (2,813,464)	\$ (2,538,199)	\$ (2,231,968)	\$ (2,204,086)	\$ (4,300,144)	\$ (4,504,947)
Less: Bond Retirement Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net debt subject to 10-1/2% limitation ^(c)	\$ 3,655,000	\$ 3,414,000	\$ 3,193,000	\$ 2,967,000	\$ 2,731,000	\$ 2,620,000	\$ 3,985,000	\$ 2,699,740	\$ 3,050,277	\$ 2,707,912
Voted and Unvoted Debt Limit -- 10-1/2% of assessed value	\$ 20,070,803	\$ 20,773,435	\$ 20,904,103	\$ 21,250,323	\$ 22,328,871	\$ 22,648,934	\$ 22,687,997	\$ 22,869,389	\$ 21,405,706	\$ 20,346,096
Legal Debt Margin within 10-1/2% Limitation	\$ 16,415,803	\$ 17,359,435	\$ 17,711,103	\$ 18,283,323	\$ 19,597,871	\$ 20,028,934	\$ 18,702,997	\$ 20,169,649	\$ 18,355,429	\$ 17,638,184
Net debt within limitations for both Voted and Unvoted debt as a percentage of debt limit	18.21%	16.43%	15.27%	13.96%	12.23%	11.57%	17.56%	11.81%	14.25%	13.31%
Net debt subject to 5-1/2% limitation ^(d)	\$ 3,655,000	\$ 3,414,000	\$ 3,193,000	\$ 2,967,000	\$ 2,731,000	\$ 2,620,000	\$ 3,985,000	\$ 2,699,740	\$ 3,050,277	\$ 2,707,912
Unvoted Debt Limit -- 5-1/2% of assessed value	\$ 10,513,278	\$ 10,881,323	\$ 10,949,768	\$ 11,131,121	\$ 11,696,075	\$ 11,863,728	\$ 11,884,189	\$ 11,979,204	\$ 11,212,513	\$ 10,657,479
Legal Debt Margin within 5-1/2% Limitation	\$ 6,858,278	\$ 7,467,323	\$ 7,756,768	\$ 8,164,121	\$ 8,965,075	\$ 9,243,728	\$ 7,899,189	\$ 9,279,464	\$ 8,162,236	\$ 7,949,567
Net debt within limitations for Unvoted debt as a percentage of debt limit	34.77%	31.37%	29.16%	26.65%	23.35%	22.08%	33.53%	22.54%	27.20%	25.41%

^(a) Source for assessed value data: Champaign County Auditor

^(b) Source for population: For years 1996 - 1999, U.S. Bureau of the Census-Population Estimates Program. For years 2000 - 2004, U.S. Bureau of the Census-2000 Federal Census.

^(c) The Ohio Revised Code provides that the aggregate principal amount of voted and unvoted "net indebtedness" may not exceed 10-1/2% of the assessed valuation.

^(d) The Ohio Revised Code provides that the aggregate principal amount of unvoted "net indebtedness" may not exceed 5-1/2% of the assessed valuation.

**CITY OF URBANA, OHIO
 COMPUTATION OF DIRECT AND OVERLAPPING
 GENERAL OBLIGATION DEBT
 DECEMBER 31, 2009**

<u>Governmental Entity</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Urbana</u>	<u>Amount Applicable to City of Urbana</u>
City of Urbana	\$ 3,242,912	100%	\$ 3,242,912
Champaign County	3,658,072	27%	999,580
Urbana City Schools (A)	1,341,834	37%	501,917
Urbana Township	0	0%	0
Salem Township	0	0%	0

Sources: Champaign County Auditor, Urbana Local School District,
 City of Urbana, Urbana Township, and Salem Township

(A) Based on Fiscal Year ending June 30, 2009

**CITY OF URBANA, OHIO
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS**

Fiscal Year	Population ⁽¹⁾	Per Capita Personal Income ^{(1)(b)}	Median Age ^{(1)(b)}	School Enrollment ⁽²⁾	Unemployment Rate ⁽³⁾	Total Assessed Property Value ⁽⁴⁾	Estimated Actual Property Value ⁽⁴⁾
1999	11,353 (1)(a)	26,684	37.3 yrs	2,378	3.4%	176,766,955	552,973,070
2000	11,613 (1)(b)	33,702	34.9 yrs	2,355	3.4%	191,150,506	608,595,944
2001	11,613 (1)(a)	33,702	34.9 yrs	2,371	4.6%	197,842,239	614,155,881
2002	11,613 (1)(a)	33,702	34.9 yrs	2,382	6.8%	199,086,696	618,388,617
2003	11,613 (1)(a)	33,702	34.9 yrs	2,353	6.6%	202,384,025	628,973,430
2004	11,613 (1)(a)	33,702	34.9 yrs	2,331	6.7%	212,655,910	659,600,260
2005	11,613 (1)(a)	33,702	34.9 yrs	2,319	6.7%	215,704,137	667,535,679
2006	11,613 (1)(a)	33,702	34.9 yrs	2,316	4.9%	216,076,164	675,238,013
2007	11,613 (1)(a)	33,702	34.9 yrs	2,316	4.9%	217,803,706	680,636,581
2008	11,613 (1)(a)	33,702	34.9 yrs	2,316	7.8%	203,863,869	600,233,533
2009	11,613 (1)(a)	33,702	34.9 yrs	2,299	10.0%	193,772,340	559,285,246

⁽¹⁾ Source: ^(a) U.S. Bureau of the Census - Population Estimates Program, Population Division; ^(b) U.S. Bureau of the Census - 2000 Federal Census

⁽²⁾ Source: Urbana City Schools Board of Education

⁽³⁾ Source: Bureau of Labor Statistics, U.S. Dept. of Labor

⁽⁴⁾ Source: Champaign County Auditor

**CITY OF URBANA, OHIO
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND THREE YEARS' PRIOR**

<u>2009</u>			<u>2006</u>		
	<u>Employer</u>	<u>Approximate Number of Employees</u>		<u>Employer</u>	<u>Approximate Number of Employees</u>
1	Fl Aerospace/Honeywell	668	1	Fl Aerospace/Honeywell	725
2	Rittal	589	2	Rittal	580
3	Mercy Health Systems	413	3	Menasha Corp	480
4	Champaign County, Ohio	407	4	Johnson Welding	460
5	Urbana Board of Education	398	5	Urbana Board of Education	400
6	Urbana University	398	6	Honda of America Manufacturing, Inc.	175
7	Menasha Corp	296	7	Siemens-Allis	270
8	Johnson Welding	256	8	Fox River Paper Company	220
9	Siemens-Allis	248	9	Mercy Health Systems	400
10	Honda of America Manufacturing, Inc.	163	10	Champaign County, Ohio	400
	Total	3,836		Total	4,110

Note: The listing of principal employers from nine years ago is not available. Total number of employees within the City of Urbana is not available.

**CITY OF URBANA, OHIO
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<u>Governmental Activities</u>										
General Government										
Administration	3.6	4.0	4.0	4.0	2.1	2.7	3.1	3.4	3.0	3.0
Finance	5.0	5.0	4.8	4.0	4.0	4.2	4.6	4.7	5.0	5.0
Engineering	1.0	1.0	1.2	0.9	1.0	2.2	3.0	3.0	2.5	2.5
Municipal Court	12.8	11.2	15.1	15.3	16.3	13.0	12.1	15.5	15.5	15.5
Law	<u>2.0</u>									
Sub-total	24.4	23.2	27.1	26.2	25.4	24.1	24.7	28.6	28.0	28.0
Public Safety										
Police Officers	21.7	22.2	19.2	19.1	20.9	21.5	21.3	22.0	22.0	22.0
Police Civilians	6.1	5.2	5.2	4.9	4.2	3.9	2.1	0.6	1.0	1.0
Fire Officers	23.0	23.0	23.2	22.0	22.5	23.0	23.0	23.0	23.0	23.0
Fire Civilians	<u>1.0</u>	<u>0.0</u>	<u>0.0</u>							
Sub-total	51.8	51.4	48.6	47.0	48.6	49.4	47.4	46.6	46.0	46.0
Health										
Cemetery	2.0	2.0	2.0	2.0	3.0	2.3	2.1	2.4	3.0	3.0
Recreation										
Recreation	1.0	1.0	1.0	0.7	1.0	1.0	1.0	0.5	0.5	0.5
Seasonal Staffing	<u>6.3</u>	<u>4.7</u>	<u>3.6</u>	<u>3.0</u>	<u>4.6</u>	<u>3.8</u>	<u>4.5</u>	<u>6.1</u>	<u>6.5</u>	<u>6.5</u>
Sub-total	7.3	5.7	4.6	3.7	5.6	4.8	5.5	6.6	7.0	7.0
Community Environment										
Code Enforcement	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Basic Utilities										
Utility Billing	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.4	2.0	1.5
Transportation										
Parking Officer	0.4	0.3	0.3	0.6	0.6	0.4	0.6	0.3	0.5	0.5
Street	13.3	<u>13.3</u>	<u>10.3</u>	<u>10.5</u>	<u>9.5</u>	<u>9.7</u>	<u>11.1</u>	<u>9.9</u>	<u>10.0</u>	<u>10.0</u>
Sub-total	<u>13.7</u>	<u>13.6</u>	<u>10.6</u>	<u>11.1</u>	<u>10.1</u>	<u>10.2</u>	<u>11.7</u>	<u>10.1</u>	<u>10.5</u>	<u>10.5</u>
Total Governmental Activities	<u>102.2</u>	<u>98.9</u>	<u>95.9</u>	<u>92.9</u>	<u>95.7</u>	<u>93.7</u>	<u>94.4</u>	<u>97.8</u>	<u>97.5</u>	<u>97.0</u>
Business Activities										
Water	4.3	4.3	4.3	5.0	5.0	5.0	6.0	6.0	6.0	6.0
Sewer	<u>10.8</u>	<u>10.8</u>	<u>9.3</u>	<u>8.8</u>	<u>9.0</u>	8.2	13.1	10.1	8.0	8.0
Total Business Activities	<u>15.1</u>	<u>15.1</u>	<u>13.6</u>	<u>13.8</u>	<u>14.0</u>	<u>13.2</u>	<u>19.1</u>	<u>16.1</u>	<u>14.0</u>	<u>14.0</u>
Total City FTE	<u>117.3</u>	<u>114.0</u>	<u>109.5</u>	<u>106.7</u>	<u>109.7</u>	<u>107.0</u>	<u>113.5</u>	<u>113.9</u>	<u>111.5</u>	<u>111.0</u>

Source: City of Urbana Payroll Office

**CITY OF URBANA, OHIO
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

For Year Ended December 31,

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Function/program										
General Government										
Accounts payable checks processed	n/a	6,783	6,571	6,138	6,150	6,202	4,609	3,706	3,599	3,340
Purchase orders issued	n/a	1,915	1,850	1,865	1,900	1,896	1,030	1,107	2,174	1,441
Number of Utility Bills mailed	63,029	64,921	65,245	65,465	66,152	70,575	73,766	73,342	66,533	69,552
Police										
Calls for service processed	15,782	17,381	16,827	15,598	14,894	16,228	15,893	15,469	16,436	14,817
Adult & juvenile arrests	1,518	1,588	1,265	975	1,022	1,331	1,566	1,476	1,616	1,538
Traffic citations	1,234	1,303	1,197	1,186	953	1,210	883	1,444	1,169	1,336
Parking Tickets	747	714	520	932	678	774	845	488	265	250
Fire										
Fire calls	301	280	271	294	340	353	347	463	546	548
EMS calls	1,431	1,464	1,583	1,556	1,648	1,695	1,732	2,029	1,873	1,760
Municipal Court										
New cases filed	6,747	7,043	5,687	n/a	4,903	5,693	6,692	6,478	7,311	7,018
Cemetery										
Burials	134	118	105	126	91	111	99	94	94	78
Grave sales	105	55	36	40	39	55	52	49	64	52
Streets and highways										
Miles of street responsibility	58.6	58.6	58.6	58.6	58.6	58.6	58.6	58.6	58.6	59
Traffic signal intersections	26	26	26	26	26	26	26	26	27	27
Code Enforcement										
Family Dwellings	17	21	49	36	55	18	27	21	19	2
Commercial New Construction	7	3	3	4	3	6	5	10	5	1
Nuisances Abated	274	192	423	298	528	490	337	131	139	367
Water										
Gallons of water pumped (in millions)	697.7	741.1	716.0	701.7	751.1	724.3	707.6	795.1	716.9	715
Sewer										
Wastewater processed (million gallons per day)	649.9	585.4	689.4	641.5	746.6	803.3	713.9	737.7	690.3	452
Service Calls	66	86	55	55	39	90	18	25	63	24

Source: City of Urbana Quarterly Administrative Reports

**CITY OF URBANA, OHIO
 CAPITAL ASSET AND INFRASTRUCTURE STATISTICS BY FUNCTION/PROGRAM
 LAST TEN FISCAL YEARS**

Function/Program	Year Ended December 31,									
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Street Repair & Maintenance										
Miles of streets	58.60	58.60	58.60	58.60	58.60	58.60	58.60	58.60	58.60	59
Basic utility services - stormwater management										
Miles of storm sewers	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	21.50	22
Parks and recreation										
Acres of parks maintained	165	165	165	165	165	165	165	165	165	165
Neighborhood parks	6	6	6	6	6	6	6	6	6	6
Sewer										
Miles of sanitary sewers	51.50	51.50	51.50	51.50	51.50	51.50	51.50	51.50	51.50	52
Water										
Miles of water mains	62.50	62.50	62.50	62.50	62.50	62.50	62.50	62.50	62.50	62.50

Source: City of Urbana Departmental Annual Activity Report

CITY OF URBANA, OHIO

Reports Issued Pursuant to
Government Auditing Standards
and
OMB Circular A-133

For the year ended December 31, 2009



**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

To the City Council
City of Urbana, Ohio

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Urbana, Champaign County, Ohio (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 28, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness and another deficiency we consider a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2009-002 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-003, 2009-004, and 2009-005.

Compliance and Other Matters (continued)

We noted a certain matter not requiring inclusion in this report that we reported to management of the City in a separate letter dated April 28, 2010.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended for the information and use of management, City Council, federal awarding agencies and pass-through entities, and others within the City, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC
April 28, 2010

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the City Council
City of Urbana, Ohio

Compliance

We have audited the compliance of the City of Urbana, Champaign County, Ohio (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2009.

Internal Control over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Government's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Internal Control over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We also noted a certain matter not requiring inclusion in this report that we reported to the City's management in a separate letter dated April 28, 2010.

Schedule of Expenditures of Federal Awards

We have also audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2009, and have issued our report thereon dated April 28, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Kennedy Cottrell Richards LLC
April 28, 2010

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2009

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Number	Disbursements
U.S. Department of Agriculture			
<i>Direct Program</i>			
Rural Business Enterprise Grants	10.769	41-011-346401492	\$ 99,000
Total U.S. Department of Agriculture			<u>99,000</u>
U.S. Department of Housing and Urban Development			
<i>Passed through the City of Bellefontaine</i>			
Community Development Block Grants/ Entitlement Program	14.218	A-Z-08-093-1	2,500
<i>Passed through Ohio Department of Development</i>			
Community Development Block Grants/State's Program	14.228	A-C-07-190-1 A-F-08-190-1 A-C-09-190-1	132,693 46,494 7,000
Total Community Development Block Grants/ State's Program			<u>186,187</u>
Home Investment Partnerships Program	14.239	A-C-07-190-2 A-C-09-190-2	200,706 7,500
Total Home Investment Partnerships Program			<u>208,206</u>
Total U.S. Department of Housing and Urban Development			<u>396,893</u>
U. S. Department of Justice			
<i>Passed through the Ohio Attorney General's Office</i>			
Crime Victims Assistance	16.575	2008VAGENE591 2009VAGENE591 2010VAGENE591	1,443 10,866 3,879
Total Crime Victims Assistance			<u>16,188</u>
<i>Direct Program</i>			
Bulletproof Vest Partnership Program	16.607	8044916	1,198
Total U. S. Department of Justice			<u>17,386</u>
U. S. Department of Transportation			
Federal Aviation Administration			
<i>Direct Program</i>			
Airport Improvement Program	20.106	AIP 3-39-0080-1205 AIP 3-39-0080-1306 AIP 3-39-0080-1407 AIP-3-39-0080-1509	1,293 56,225 33,525 25,487
Total Airport Improvement Program			<u>116,530</u>
Federal Highway Administration			
<i>Passed through Ohio Department of Transportation</i>			
Highway Planning and Construction Program	20.205	PID 80375 PID 77394	495,992 579,217
Total Highway Planning and Construction Program			<u>1,075,209</u>
Total U. S. Department of Transportation			<u>1,191,739</u>
U. S. Department of Homeland Security			
<i>Passed through Ohio Department of Public Safety</i>			
Disaster Grants - Public Assistance	97.036	FEMA-1805-DR-021-79072	88,261
Total U. S. Department of Homeland Security			<u>88,261</u>
Total Federal Financial Assistance			<u>\$ 1,793,279</u>

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2009

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal financial assistance programs of the City of Urbana, Ohio (City) as the primary government. The Schedule is presented on the cash basis of accounting.

Except as described in Note 3 below, all federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies is included on the Schedule.

Note 2. Matching Requirements

Certain federal programs require that the City contribute non-federal funds (matching funds) to support the federally-funded programs. The City has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

Note 3. Community Development Block Grant (CDBG) Revolving Loan Programs

The City has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the City. The initial loan of this money is recorded as a disbursement on the Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

These loans are collateralized by second mortgages on the property. At December 31, 2009, the gross amount of loans outstanding under this program was \$33,878 and no delinquent amounts are due.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

SCHEDULE OF FINDINGS

DECEMBER 31, 2009

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a) of Circular A-133?	No
(d)(1)(vii)	Major Programs (list):	Highway Planning and Construction Program CFDA # 20.205
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	No

CITY OF URBANA, OHIO
CHAMPAIGN COUNTY

SCHEDULE OF FINDINGS

DECEMBER 31, 2009

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

2009-001 MATERIAL WEAKNESS – FINANCIAL REPORTING

The compilation and presentation of materially correct financial statements and the related footnotes is the responsibility of management of the City. This responsibility remains intact, even if management decides to outsource this function for efficiency purposes, or any other reason, to another accountant or consultant. It is also important to note that independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit.

As a result of our audit, we identified material misstatements in the City's financial statements and footnotes, as well as other misstatements that were not necessarily material, but were more than inconsequential. We provided adjusting entries to the City and the misstatements were subsequently corrected. The misstatements are a strong indicator that the City does not have sufficient internal control procedures in place related to financial reporting.

We recommend the City implement sufficient control procedures over the financial reporting process in order to enable management to prevent and detect potential misstatements in the financial statements and footnotes.

Official's Response

Internal controls are an important part of any sound financial system. The City will be reviewing internal controls as internal weaknesses surface throughout the year. We will strive to improve controls first that are material in nature, and will strive to improve the quality of future financial statements.

2009-002 SIGNIFICANT DEFICIENCY – SEGREGATION OF DUTIES

Segregation of duties over significant accounting cycles should always be a key component of the internal control environment.

During our review of various receipt and expenditure transaction cycles, we noted the following:

- The Airport Manager receives payments from customers for fuel sales and rent, enters the receipts in an excel spreadsheet, and reconciles customer payments. There is no segregation of these different functions. Additionally, there was no evidence of supervisory review or approval during the process. Airport collections totaled approximately \$238,000 in 2009.
- The Ambulance Dispatcher receives payments for ambulance services, records payments, and writes off past due accounts. There is no segregation of these different functions. Additionally, there was no evidence of supervisory review or approval during the process. Ambulance service collections totaled approximately \$445,000 in 2009.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

SCHEDULE OF FINDINGS

DECEMBER 31, 2009

2009-002 SIGNIFICANT DEFICIENCY – SEGREGATION OF DUTIES (continued)

Without proper segregation of duties over the above accounting cycles, the risk is increased of the misstatement of receipts in the City's financial statements. We recommend the City evaluate the procedures over these transaction cycles and implement adequate segregation of duties by separating some of the duties performed or by implementing and documenting secondary reviews and regular management reviews over these transaction cycles.

Official's Response

Segregation of duties with a one-deep organization presents a unique set of challenges. The City will investigate both areas listed and will attempt to identify a separate resource to perform review/verification processes for each area listed.

2009-003 NONCOMPLIANCE – RESTRICTIONS ON APPROPRIATING AND EXPENDING MONEY

Ohio Revised Code Section 5705.41 (D) states, in part, that "no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance."

During our review, we noted that the City does not prepare purchase orders for a number of recurring expenditures, including uniform allowances, utilities, travel reimbursements, lease payments, food allowances, and customer refunds. As a result, 12 of 63 expenditures selected for testing were not properly encumbered.

To ensure compliance with Ohio Revised Code Chapter 5705.41 (D), we recommend the City prepare purchase orders for all expenditures. For regular recurring expenditures, we recommend that City consider following the guidance under Ohio Revised Code Chapter 5705.41 (D) related to blanket purchase orders.

Official's Response

The City will review all processes where the absence of a purchase order is identified, and will strive to compliment the procurement process with a purchase order. Additionally, finance will send reminders to all procurement users reinforcing that all purchases require a purchase order before the order for goods and/or services is placed with suppliers.

2009-004 NONCOMPLIANCE – EXPENDITURES LIMITED BY APPROPRIATIONS

Ohio Revised Code Section 5705.41(B) provides, in part, that no subdivision or taxing unit shall "make any expenditure of money unless it has been appropriated as provided in such chapter."

At December 31, 2009, we noted expenditures exceeded appropriations at the legal level of control in the Capital Improvement Fund, as noted below.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

SCHEDULE OF FINDINGS

DECEMBER 31, 2009

2009-004 NONCOMPLIANCE – EXPENDITURES LIMITED BY APPROPRIATIONS (continued)

<u>Department/Activity</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Public Safety			
Supplies, Materials and Other	\$ 25,000	\$ 27,204	\$ (2,204)
Transportation			
Supplies, Materials and Other	153,662	233,683	(80,021)
General Government			
Supplies, Materials and Other	280,500	302,451	(21,951)
Capital Outlay			
Supplies, Materials and Other	590,278	606,019	(15,741)
Debt Service-Principal			
Supplies, Materials and Other	78,822	604,635	(525,813)
Debt Service-Interest			
Supplies, Materials and Other	23,178	36,176	(12,998)

We also noted the appropriations for the Capital Improvement Fund and several other funds were not properly recorded into the accounting system, thus not allowing the City to properly monitor budget versus actual activity.

We recommend the City implement internal control procedures capable of preventing such instances of noncompliance in future periods. Also, we recommend that all appropriations are entered in the City's accounting system to allow for proper monitoring of the budget versus actual activity.

Official's Response

Monitoring budget verses actual activity is an important part of tracking performance against financial plans on an on-going basis. We will strive to re-appropriate on a more timely basis (i.e. quarterly), so that comparisons to budget are more timely and meaningful. We will also include BAN activity in future budget appropriation comparisons.

2009-005 NONCOMPLIANCE – AMENDED CERTIFICATES OF ESTIMATED RESOURCES

Ohio Revised Code Section 5705.36 (A)(4) states, in part, upon determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

During our review, we noted that the actual receipts collected by the City in the Street Fund were less than the amounts included in the certificate of estimated resources and the amount of the deficiency caused the available resources to be below the level of current appropriations.

<u>Actual Resoruces</u>	<u>Appropriations</u>	<u>Variance</u>
\$ 823,694	\$ 874,560	\$ (50,866)

CITY OF URBANA, OHIO
CHAMPAIGN COUNTY

SCHEDULE OF FINDINGS

DECEMBER 31, 2009

2009-005 NONCOMPLIANCE – AMENDED CERTIFICATES OF ESTIMATED RESOURCES (continued)

To ensure compliance with Ohio Revised Code Chapter 5705.36, we recommend the City amend the Certificate of Estimated Resources if it is believed that the revenue to be collected by the City will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations.

Official's Response

Certificates of Estimated Resources is an activity that is required by the ORC. Future Certificates of Estimated Resources (OCER) will include revenue adjustments from General Fund subsidies when those revenue resources are adjusted downward. We will continue to monitor the activity of the City's Street Fund to stay in compliance with the ORC, and also to monitor subsidies from the General Fund even when the subsidies are reductions from budgeted levels.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

**CITY OF URBANA, OHIO
CHAMPAIGN COUNTY**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2009

<u>Finding Number</u>	<u>Description</u>	<u>Status</u>
2008-1	Material Weakness – Financial Reporting	Repeated as finding 2009-001.
2008-2	Significant Deficiency – Utilities Revenue	Fully Corrected.
2008-3	Significant Deficiency - Lack of segregation of duties in the Income Tax, Airport, Ambulance Billing, and Payroll cycles	Partially Corrected. Repeated as finding 2009-002.
2008-4	Noncompliance – Ohio Revised Code Section 5705.41 (D), Restrictions on appropriating and expending money.	Repeated as finding 2009-003.
2008-5	Significant Deficiency – Management approval of federal payroll	Fully Corrected.



Mary Taylor, CPA
Auditor of State

CITY OF URBANA

CHAMPAIGN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 6, 2010